

TABLE OF CONTENTS

Introduction.....	I-1
Lesson 1 Determination of Residency Status.....	1-1
Lesson 2 Who Must File	2-1
Lesson 3 Treaty Overview	3-1
Lesson 4 Family Issues	4-1
Lesson 5 Taxation of Nonresidents	5-1
Lesson 6 Form 8843	6-1
Lesson 7 Finishing the Return	7-1
Lesson 8 Social Security Tax.....	8-1
Glossary.....	G-1
Appendix A Common Questions and Processing Issues.....	A-1
Appendix B Naming Customs and Immigration Status.....	B-1
Appendix C Comprehensive Problems	C-1

INTRODUCTION

This *International Student and Scholar Supplement* is designed to provide assistance to volunteers who will be working at Volunteer Income Tax Assistance (VITA) sites that assist International Students and Scholars. This text should be used in conjunction with IRS Publication 678, Volunteer Assistor's Guide.

Over 500,000 international students and scholars are at American colleges and universities to study, teach and do research. Due to problems with English, the complexity of the federal tax laws applying to nonresidents, and scarcity of assistance, many of them have difficulty meeting their tax obligations. Failure of non-residents to comply with U.S. tax laws can lead to monetary penalties and immigration problems, and even destroy eligibility for citizenship.

We want to thank you for answering the call to help international students and scholars. We also want to answer the call from you. In the summer of 2001, a phone number was established for people with questions about nonresident alien issues. That number (**not** toll-free) is (215) 516-2000 and is available from 6:00 a.m. to 2:00 a.m., Eastern Time. You can also learn how to send questions to the IRS by e-mail at this Web site: www.irs.gov/help/newmail/user.html

This book is designed to let learners teach themselves and monitor how well they have learned. To do that, read each lesson carefully. Work the exercises as you go along to confirm what you learned. After completing the chapters, work the comprehensive problems in Appendix C, and compare your answers to those provided. Self-grade using the answers provided. If your answers were not correct, go back to the sections on those topics and find out why.

LIABILITY ISSUES

Some colleges and universities are reluctant to sponsor an international VITA site because of the potential liability they feel it causes them. This section is intended to serve as a reference. It does not constitute legal guidance. Legal counsel should be consulted if you have questions.

Volunteers at all VITA sites (including international sites) appear to be covered by the federal Volunteer Protection Act of 1997, Public Law 105-19 (42 U.S. Code sections 14501 et seq.). The Act applies to volunteers who perform services for a non-

profit organization or governmental entity, and receive no compensation other than reasonable reimbursement or allowance for expenses actually incurred (or any other thing of value in lieu of compensation over \$500 per year), and to a volunteer serving as a director, officer, trustee, or direct service volunteer.

The Act generally protects volunteers from liability for negligent acts they perform within the scope of their responsibilities in the organization for whom they volunteer. The Act excludes conduct that is willful or criminal, grossly negligent, or reckless, or that constitutes a conscious, flagrant indifference to the rights or safety of the individual harmed by the volunteer. The Act does not protect volunteers from liability for harm arising from the operation of a motor vehicle, vessel, aircraft, or other vehicle for which a license and insurance are required; or from crimes of violence, hate crimes, sexual offenses, civil rights violations, or acts committed under the influence of alcohol or drugs. Volunteers are not liable for punitive damages for harm caused by acts they perform within the scope of their responsibilities, unless a claimant establishes by clear and convincing evidence that the harm was proximately caused by an action constituting willful or criminal misconduct, or a conscious, flagrant indifference to the rights or safety of the individual harmed.

The Act provides that certain conditions imposed in state laws limiting the liability of volunteers will not be considered inconsistent with the Act. In other words, those limitations are not invalidated by the Act, and may limit the effects of the Volunteer Protection Act. The state conditions that remain in force are listed in subsection 4(d) of the Act. Most significant among the **conditions that may apply in some states** are: (1) volunteers may be subject to liability if the civil action was brought by a state or local government official pursuant to state or local law; (2) volunteers may be protected only if the sponsoring organization has provided a secure alternate source of compensation for those harmed; and (3) some states waive liability only if sponsors adhere to risk-management procedures, including providing mandatory training of volunteers. State limitations will vary, so protection of volunteers may vary also.

In conclusion, it is the opinion of the Internal Revenue Service that the Volunteer Protection Act of 1997 offers significant protections from liability for those meeting its requirements. The most significant requirement is that the volunteer's sponsor must be a nonprofit organization, or governmental entity, and that the act causing harm is performed within the scope of the volunteer's responsibilities. It is also important to note that **the Act's best protection covers only negligent acts**—not willful, criminal, reckless, or conscious, flagrantly indifferent acts; and that state limitations on volunteer protection may apply.

OBJECTIVES

At the end of this course, you will be able to:

1. Distinguish between
 - resident aliens and
 - nonresident aliens.
2. Determine whether a nonresident alien is required to file.
3. Determine the correct form(s) to file.
4. Determine whether a tax treaty applies.
5. Using an applicable treaty, determine which income is
 - taxable, and which is
 - excludable from income.
6. Determine
 - what income is “effectively connected” and what is not;
 - what income must be reported; and
 - where an international taxpayer’s return should be sent.
7. Correctly complete Form 8843.
8. Correctly complete Forms 1040NR and 1040NR-EZ.

To meet the objectives for the course, you will need access to the following IRS materials:

Publication 519, *U.S. Tax Guide for Aliens*

Publication 520, *Scholarships and Fellowships*

Publication 901, *U.S. Tax Treaties*

Form 1040NR and instructions

Form 1040NR-EZ and instructions

Form 8843

Form 843

The most important terms in this book are in **boldface** the first time they are used. They are explained shortly after that first use, and are defined in the glossary.

STUDENT NOTES

DETERMINATION OF RESIDENCY STATUS

LESSON 1

U.S. immigration laws speak of immigrants, nonimmigrants, and illegal aliens. But U.S. tax laws speak of **resident aliens** and **nonresident aliens**.

The basic facts to remember about taxation of aliens are that resident aliens are taxed like U.S. citizens, while nonresident aliens are taxed differently. The tax law applicable to aliens—although based on U.S. immigration law—defines residency for tax purposes differently from how it is defined in immigration law. Under the Internal Revenue Code, even **illegal aliens** are treated as resident aliens if they meet the “substantial presence” test in the tax code.

The first step in assisting international students and scholars is determining their residency status for tax purposes. As described in future chapters, that status affects the amount of income to be reported, availability of deductions, and treaty benefits.

It is important to emphasize that the following discussion of residency status is for federal income tax purposes **only**, because residency for immigration purposes is determined differently. Some state taxing agencies follow IRS residency determinations; others use their own criteria. If you plan to help international students and scholars with **state** income tax returns, you will need to check with the taxing agency of the state where they live and/or work.

HOW TO DETERMINE RESIDENCY STATUS

All noncitizens of the U.S. are legally “aliens.” There are three types of aliens for tax purposes: (1) nonresident; (2) dual-status; and (3) resident. However, persons in categories (2) and (3) are taxed like U.S. citizens. Thus this book focuses almost entirely on group (1), nonresident aliens (“nonresidents” for short). It will help you to keep in mind that for many international students and scholars present in the U.S., nonresident tax status is more favorable than resident status.

Nonresidents become residents for federal tax purposes in one of two major ways. One is by receiving permanent resident status from the Immigration and Naturalization Service, as described below. The other is by having a **substantial presence** in the U.S. For nonresident aliens, having a substantial presence normally means being present for a total of more than 183 days. But most international students and scholars are **exempt individuals** (also described below) for this purpose.

(Important note: Being an “exempt individual” does not mean that one is exempt from taxation. It merely affects how days of presence are counted.)

The charts in this lesson will help you determine the residency status of foreign students and scholars, based on the information they provide. Before using the charts, you need to know a few terms used in them.

Substantial presence

Nonresident aliens meet the **substantial presence test** if they have spent more than 183 days in the U.S. To meet the substantial presence test, and thus be considered a resident alien for tax purposes, an alien must **at least**:

1. be physically present for 31 days in the current year, **and**
2. be physically present for 183 days (as calculated below) during the 3-year period consisting of the current year and the 2 immediately prior years. The 183 days are calculated as follows:
 - a. all days of presence in the current year;
 - b. 1/3 of days of presence in the year immediately before the current year; and
 - c. 1/6 of days of presence in the year before that.

Exempt individual

Any person who is temporarily exempt from the substantial presence test. Time spent in this category does not count toward the 183 days in the U.S. that normally will convert a nonresident alien into a resident alien. Being in any of the following categories will temporarily exempt a person from the substantial presence test:

Student

A student is anyone who is temporarily in the U.S. on an “F”, “J”, “M”, or “Q” visa and substantially complies with the requirements of that visa. A person is considered to be substantially complying who has not engaged in activities prohibited by the immigration law. Immediate family members of a student are also counted as students for this purpose—including a spouse, and unmarried children under age 21 who reside with the student. Students are exempt from the “substantial presence” test for 5 years. But any part of a calendar year in which the student is present in the U.S. counts as a full year. (See “Counting Years of Exemption” later in this lesson).

Teacher or Trainee

A person who was primarily admitted to the U.S. to teach or research (not study); is temporarily present with “J” or “Q” visa status; and substantially complies with all requirements of that

visa is considered a teacher or trainee—as is the person’s immediate family. Teachers and trainees are exempt from the “substantial presence” test only if they have been in the U.S. no more than 2 out of the last 6 years. As with the student exception, any part of a calendar year in which the person was present counts as a full year. (See “Counting Years of Exemption” later).

Closer Connection to Home Country

A third exception to the “substantial presence” test applies if the person can show a closer connection to a foreign country than to the U.S. To qualify for this exception, the person must file IRS Form 8840 and be able to show that (s)he:

1. was present in a non-exempt status for less than 183 days during the current year;
2. has a tax home in a foreign country; **and**
3. has a closer connection to that country than to the U.S.

(See Form 8840 or Publication 519 for a discussion of a “closer connection” to a foreign country.) A person meeting the “closer connection” exception continues to be treated as a nonresident despite continuing presence in the U.S.

Green card

Term commonly used (because in the past it was green) for an alien registration card, Form I-551, issued by the Immigration and Naturalization Service, saying that a noncitizen has permanent residency status. This card may be issued for any of several reasons. Noncitizens will know whether or not they have a “green card.” It is very rare for an international student or scholar to have one.

Chart 1-A. **Are you a Nonresident Alien for U.S. Income Tax Purposes?**

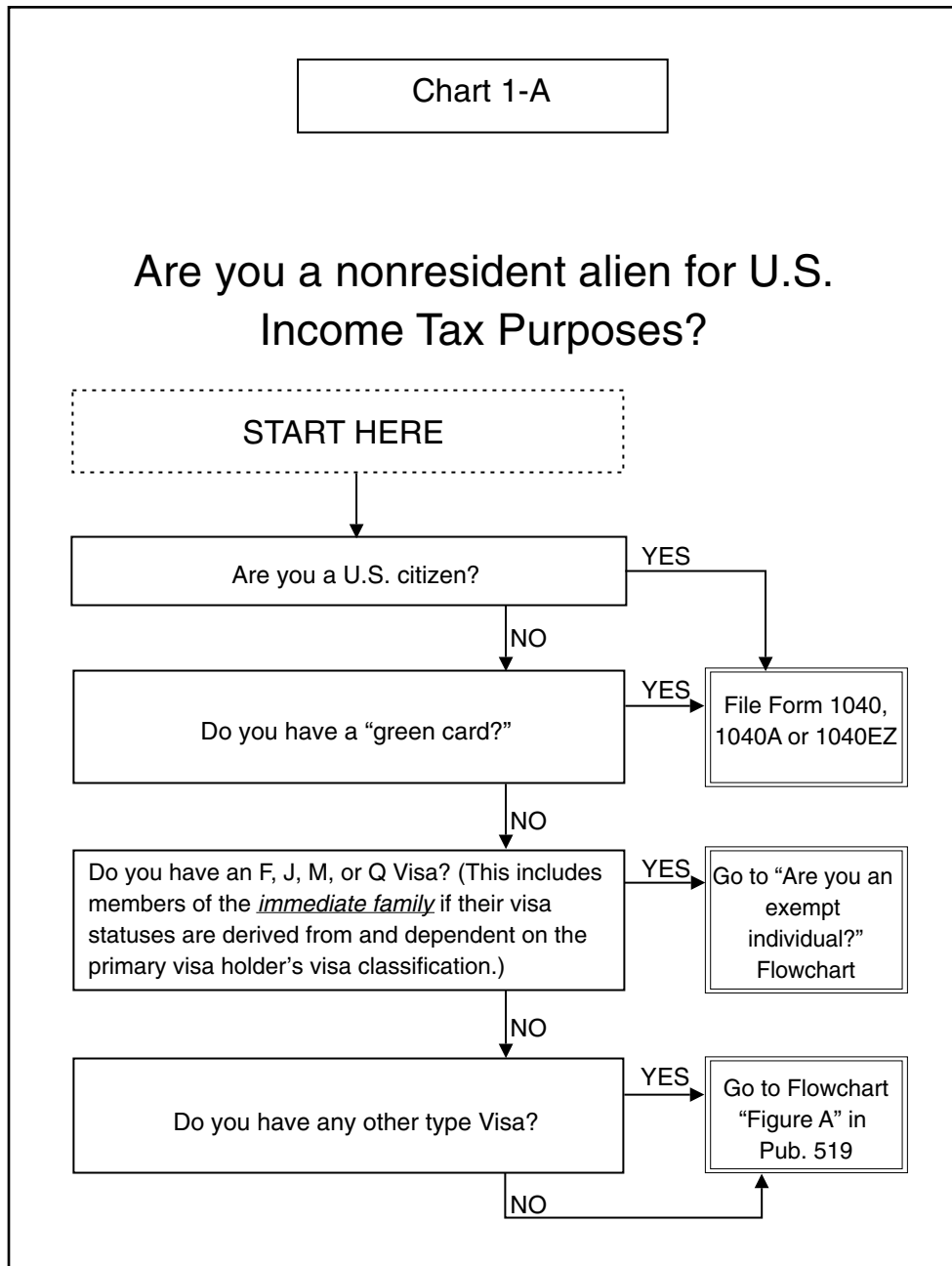


Chart 1-B. Are you an Exempt Individual?

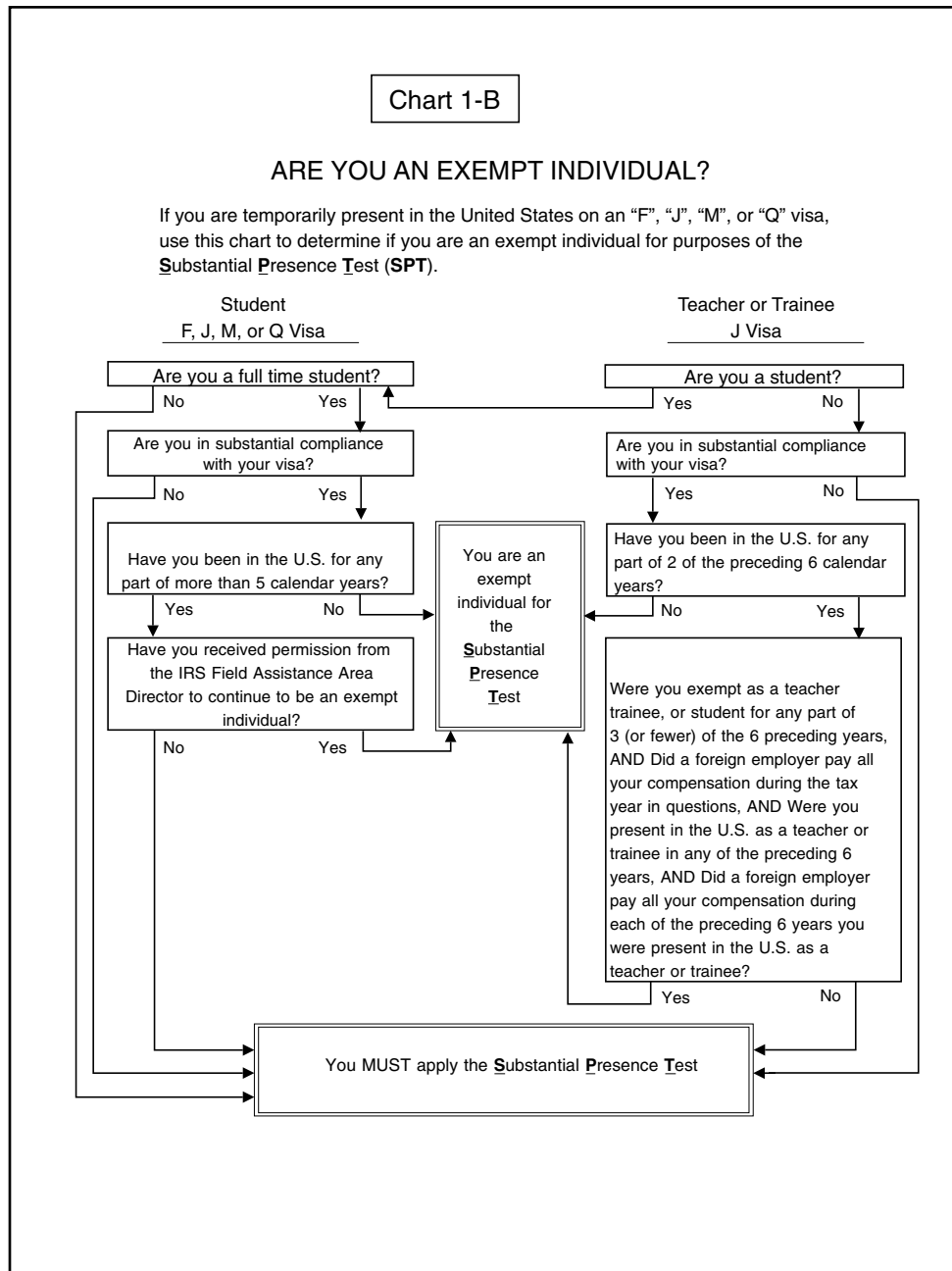
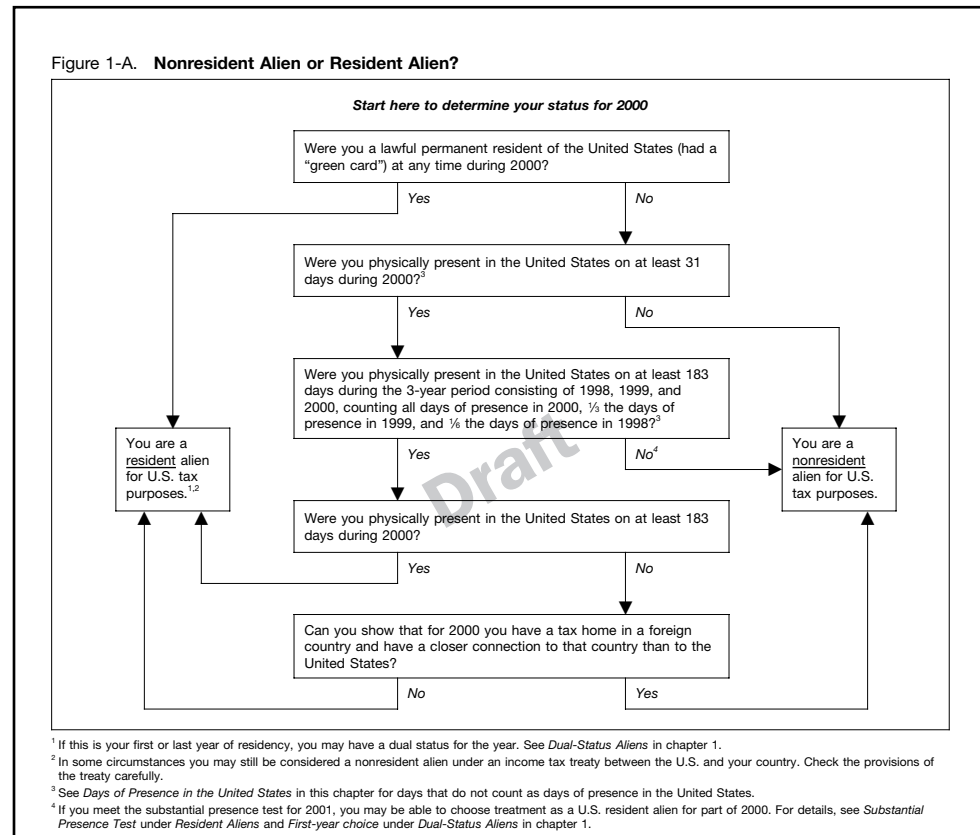


Chart 1-C. Nonresident Alien or Resident Alien?

Caution: The chart for 2001 was not available when these materials went to print. However the rules used to determine substantial presence for 2001 will not change.



COUNTING YEARS OF EXEMPTION

For both the 2-year period during which a scholar can be exempt, and the 5-year period during which a student can be exempt, from the “substantial presence” test, the person’s presence in the U.S. for any part of a calendar year counts as a full year’s presence. Thus if a scholar (or student) arrived in the U.S. in December 1999, the year 1999 was the first of that person’s 2 (or 5) years. If the person stayed in the U.S. into 2000, and is subject to a 2-year limit, that limit was reached at the end of 2000—so the “substantial presence” test began to apply at the beginning of 2001.

Example 1

Julianna came to the U.S. on an F-1 visa in October 1998 to study American art history. She had never been in the U.S. before. As a student, she is exempt from counting her days of presence during her first 5 years—which are 1998, 1999, 2000, 2001, and 2002. If she remains in the U.S. in 2003, she will become a resident alien for tax purposes at the beginning of that year.

Example 2

Neeni came to the U.S. on a J-1 visa in 2000 to teach for 2 years at a state university. She knows that the cultural adjustment will go smoothly because she also taught in the U.S. in 1997 and 1998 on a J visa. To determine her residency for 2001, use a 6-year “lookback” period (1996-2001). During that time she had been in the U.S. with J visa for 2 years. Thus for tax purposes, she is no longer an exempt individual and she must begin counting her days towards the substantial presence test.

Example 3

Eduard is a junior at the local university. He came to the U.S. in 1998 from France, his home country. He studied in the U.S. until the end of 1999, then returned home. He re-entered the U.S. to study in 2001. For federal income tax purposes, he is still a nonresident alien because he has not yet been in the U.S. for 5 years.

Example 4

Xhao came to the U.S. on J-1 visa in 1999 to teach at a university for two years. He brought his wife and three children (each on a J-2 visa). In November 2000 the university contracted with Xhao's wife for her to teach there in 2001. It also extended Xhao's original contract. For the year 2001, both Xhao and his wife will be considered resident aliens for tax purposes, because they have already spent 2 years in an exempt status. Their children can be claimed as dependents if they meet all dependency tests (like those for citizens).

Exercise 1

Bridgette arrived in the U.S. as a student with an F-1 visa in December 1997. For tax year 2001, is she a resident or non-resident alien for federal income tax purposes?

Answer _____

Exercise 2

Guladua came to the U.S. on a J-1 visa in June 1999 to teach for 2 years, starting in August 1999. For tax year 2001, is he considered a resident or nonresident alien for federal income tax purposes?

Answer _____

✓ Check your answers at the end of the chapter.

RESIDENCY STARTING DATE

For a person who becomes a resident by meeting the 183-day "substantial presence" test, the starting date of residency for tax purposes is the first day the person was present in the U.S. **in the tax year in which the person met the "substantial presence" test.** By contrast, for a person who is granted permanent resident status by the INS (a "green card"), the starting date of residency for tax purposes is the first day the person was in the U.S. as a lawful permanent resident. That usually is the day of receipt of notification from the INS that the residency application had been approved. For someone who both (1) meets the "substantial presence" test **and** (2) has been granted permanent residency, residency begins on the earlier of the two dates.

Example 5

Edem has been in the U.S. continuously since 1996 on an F-1 visa. He is considered a resident alien for tax purposes as of January 1, 2001.

Example 6

Zachary received notification from INS on July 13, 2001 that his application for residency was approved. He is considered a resident alien for tax purposes as of July 13, 2001.

Example 7

Assume the same facts as in Example 5. Edem also applied for resident alien status in 2001, and was notified by the INS on October 20, 2001 that his residency application was approved. He is still considered a resident alien for tax purposes as of January 1, 2001.

Exercise 3

Mike, a graduate student, is present in the U.S. temporarily on a J-1 visa. He arrived on June 15, 1999 to prepare for his studies that fall. Mike had never been in the U.S. before. For 2001, is Mike a resident or nonresident alien?

Answer_____

Exercise 4

Assume the same facts as in Exercise 3. Mike's wife accompanies him on a J-2 visa. She is given permission to work by the INS and begins working in July. Is she a resident or nonresident alien for federal tax purposes?

Answer_____

Exercise 5

Wei Wu, a citizen of the People's Republic of China, is temporarily in the U.S. as a graduate student on an F-1 visa. He has resided continuously in the U.S. since arriving on August 15, 1996. His immigration status has not changed, and he was in the U.S. all of 2001. When did Wei become a resident alien for federal income tax purposes?

Answer _____

Exercise 6

Kuonzeza Muda Mpya, a resident of Kenya, is in the U.S. as a teaching scholar on a J-1 visa. He arrived in the U.S. on December 17, 1999 and has been here continuously since. On July 7, 2001 Kuonzeza was notified by the INS that his application for permanent residence was approved and a permanent resident card would be issued by July 20, 2001. What is his residency starting date for federal income tax purposes?

Answer _____

✓ Check your answers at the end of the chapter.

RESIDENCY THROUGH MARRIAGE

A nonresident alien who does not meet the substantial presence test, and does not have a "green card," may still be treated as a resident for tax purposes if the nonresident is married to a U.S. citizen or resident alien, and both spouses elect to treat the nonresident as a resident. This election can be made if:

1. at the end of the year, one spouse is a nonresident alien and the other is a U.S. citizen or resident, **and**
2. both spouses agree to file a joint return and to treat the nonresident alien as a resident alien for the entire tax year.

Example 8

Norman is a student temporarily in the U.S. on an F visa. He is married to Pat, who is a U. S. citizen. Since Pat is a citizen, she and Norman can elect to treat Norman, who would otherwise be a nonresident alien, as a resident alien for the entire tax year.

To make the election, a statement must be attached to the joint return that is filed for the year of the election. There is no form for this statement; it can be handwritten or typed. It should be attached to the back of the tax return, after all schedules and forms. The statement should contain the following information:

1. A declaration that one spouse was a nonresident alien and the other spouse was a U.S. citizen or resident on the last day of the tax year, and that they choose to be treated as U.S. residents for the entire tax year, **and**
2. Each spouse's name, address, and taxpayer identification number.

For the year of the election to treat the spouse of a U.S. citizen as a resident, the spouses must file a joint return. The election continues into future years; but the spouses can file separately after that year if they choose. The election to treat the spouse as a resident is terminated by revocation, death of either spouse, or legal separation; or the IRS may terminate it for failure to keep adequate records or failure to allow the IRS access to records. Since one's status as a resident or nonresident affects the income to be reported, availability of deductions, and treaty benefits, an election to be treated as a resident alien should be considered carefully.

DUAL-STATUS ALIEN

A dual-status alien is a person who is a resident alien and a nonresident alien at different times in the same tax year. This most commonly occurs in the year a person arrives in the U.S. or leaves the U.S. It may also occur if a person's residency status changes during the year. More information is in IRS Publication 519, *U.S. Tax Guide for Aliens*. Completing dual-status returns is an advanced task and thus not covered by the volunteer program.

- Exercise 1** Bridgette would still be considered a nonresident alien for federal income tax purposes. If she stays in the U.S. past July 1, 2001, she will become a resident alien for federal tax purposes effective January 1, 2002.
- Exercise 2** Guladua is considered a resident alien for federal income tax purposes in 2001. He was in an exempt status in 1999 and 2000. Even though he was not in the U.S. for a full year in 1999, he must count that entire year toward his 2 years of exempt status.
- Exercise 3** Mike would be a nonresident alien for 2001. Even though he is on a “J” visa, if his primary purpose for coming to the U.S. was to study, he is in exempt status for 5 years. He will not begin counting days of presence until January 1, 2004.
- Exercise 4** Mike’s wife would be a nonresident alien also. Her status depends on her husband’s status. While F-2 visitors are not permitted to work, J-2 visitors can. (This information will be covered in a later lesson.) Permission to work does not change her residency status for tax purposes.
- Exercise 5** Wei Wu is a resident alien for federal income tax purposes in 2001. His residency starting date is January 1, 2001. His 5 years of exempt status were 1996, 1997, 1998, 1999, and 2000.
- Exercise 6** Kuongeza will be considered a resident alien for tax purposes as of January 1, 2001. He was in an exempt status in 1999 and 2000. He meets the substantial presence test in 2001. He also received a “green card” in 2001. If both apply, the earlier starting date governs.

Who Must File

In many countries, the government assesses and collects taxes that are owed. But in the U.S. it is each individual's own responsibility to meet his or her tax obligations.

Each student or scholar is responsible for helping his or her employer estimate how much income to withhold (deduct) from the student's or scholar's pay for income tax. The employer pays those amounts directly to the U.S. Treasury on the employee's behalf.

A student's or scholar's yearly tax return must reconcile the amounts withheld with actual tax liability for that year, so that the right amount will end up being paid for that year. If too much was withheld from pay, the Treasury will pay a refund after receiving the return.

In Lesson 1 you learned that all non-citizen taxpayers fall into one of three statuses for tax purposes: resident alien, nonresident alien, or dual-status alien. Each status has different filing requirements. This lesson will give information on filing requirements for **nonresident** aliens. But first will be a brief discussion of filing requirements for resident and dual-status aliens.

RESIDENT ALIENS

Resident aliens are subject to the same federal income tax filing requirements as U.S. citizens. Whether they must file depends on their filing status and income. Filing requirements for U.S. citizens and resident aliens are described in IRS Publication 678, *VITA Assistor's Guide*, and Publication 17, *Your Federal Income Tax Guide*.

DUAL-STATUS ALIENS

As mentioned in Lesson 1, international VITA site volunteers do not assist with filing dual-status returns. The following information is for reference only. Completed examples are available in IRS Publication 519.

A taxpayer who is a **resident** alien at the end of the calendar year must file Form 1040 if the person is a dual-status taxpayer who became a resident during the year. The words "Dual-Status" should be written across the top of the return. Also, a statement should be attached to the return showing the income for the part of the year when the taxpayer was a nonresident. Form 1040NR

or 1040NR-EZ can be used as that statement; across its top the words “Dual-Status Statement” must be written.

A taxpayer who is a **nonresident** alien at the end of the year must file Form 1040NR or 1040NR-EZ if (s)he is a dual-status taxpayer who gave up residency during the year. Across the top of the return the words “Dual-Status” should be written. Also, a statement should be attached to the return showing the income for the part of the year when the taxpayer was a resident. Form 1040 can be used as that statement; “Dual-Status Statement” must be written across its top.

NONRESIDENT ALIENS

General Rule

In general, nonresident aliens must file tax returns if they engage in any trade or business in the U.S. (Studying, teaching, and doing research are all considered to be activities in which the taxpayer is engaged in a trade or business.) Nonresidents must file even if they had no income from the U.S., or their income is exempt from U.S. taxes.

Student and Scholar Exception

However, an exception applies to many international students and scholars. Nonresident aliens who are students, teachers, or trainees, and are temporarily present in the U.S. under an F, J, M, or Q visa, must file a **return** only if they have income that is subject to withholding, even if no tax was withheld. (Caution: Even if they are exempt from filing a **return**, they must still file a tax **form**. See Lesson 5.) But even students and scholars who are not required to file returns should do so if they are eligible for refunds.

Example 1

Pedro is a junior at the state university. He is on an F-1 visa. In 2001 he had wages of \$213 from his job on-campus. His wage statement shows that \$14 of federal income tax was withheld. He must file a return since he had some income subject to withholding. He will receive a \$14 refund.

Example 2

Jose, who is from Peru, worked on campus last year. He earned \$142 and had no withholding. He must file a return because the wages are a type of income that is subject to withholding, although Jose had no withholding. If he does not file Form 1040NR-EZ, the IRS will not penalize him since \$142 is not enough income for him to owe tax; but he may be considered out of compliance with the tax law.

FORM 1040NR OR 1040NR-EZ

Once you have determined that a nonresident needs to file a return, you should choose the best form to use. Nonresident aliens file either Form 1040NR or Form 1040NR-EZ. Form 1040NR is 5 pages long and can accommodate all types of income and expenses. Form 1040NR-EZ is only 2 pages long and is limited to specific situations. Nonresidents cannot file joint returns, and are very limited in claiming dependents. You should choose the simplest and shortest form that will accommodate all the taxpayer's income and deductions.

You can use Form 1040NR-EZ instead of Form 1040NR if **all nine** of the following statements are true:

1. No dependents are claimed (rules for this are covered in Lesson 8).
2. The taxpayer cannot be claimed as a dependent on another U.S. tax return.
3. The **only** sources of income were wages, salaries, tips, taxable refunds of state and local income taxes, and scholarship or fellowship grants.
4. Taxable income is under \$50,000.
5. The only adjustment to income is the student loan interest deduction or scholarship exclusion.
6. No tax credits are claimed.
7. No exemption is claimed for the spouse.
8. The only itemized deduction is state and local income tax.
9. The only taxes owed are income tax.

Example 3

Joy is a married student from China. She can't be claimed as a dependent on any U.S. return. Her only income is \$8,390 that she earned on-campus. Her only deduction is \$96 of state income tax. She can file Form 1040NR-EZ.

Example 4

Peter is a married student from Canada. His wife meets all the requirements to be claimed as a personal exemption. His only income was \$11,000 he earned from his assistantship. He is not entitled to the \$10,000 treaty benefit because his income exceeded \$10,000. He should file Form 1040NR. He can take a deduction for his wife on that form.

Example 5

Lee is a single student from China. He tells you that he gave a local church \$10 every week. His total income was \$7,950. His state income tax withholding was \$65. He can still file a Form 1040NR-EZ, because his treaty benefit and allowable deductions (both covered in later chapters) reduce his income below \$0 even without considering his charitable contributions.

	Income	\$7,950
Minus:		
	Treaty benefit	- 5,000
	Personal exemption	- 2,900
	State tax	- 65
	Total income:	(\$15)

Example 6

Olga does not know which form to file. She had no wages, but she sold \$50,000 of stock on-line. She made only \$70 after expenses. You should tell Olga to file Form 1040NR. She will also need a Schedule D (the same as used on domestic returns) to report the stock sales.

WHEN AND WHERE TO FILE

A nonresident who received any wages must file a tax return by April 15, 2002. If the only income was from scholarships or other income not subject to withholding, the return must be filed by June 15, 2002.

All Forms 1040NR and 1040NR-EZ must be mailed to:

**Internal Revenue Service
Philadelphia, PA 19255**

FAILURE TO FILE

Many students and scholars who are required to file returns either don't file, or file incorrectly. Many of them would be eligible for a refund if they filed the required forms. They would rather forgo the refund than try to figure out what they should file and when. Part of your job is to inform them whether they need to file.

If they have no tax liability, the IRS will not penalize them for not filing (although they must still file Form 8843). However, the terms of students' and scholars' visas require that they stay in compliance with all laws of the U.S., including income tax filing. If they want to apply for residency at a later date, they may be asked to show proof of tax compliance. So they should file tax returns, even if they do not care about (or are not eligible for) refunds.

ALTERNATIVE METHODS OF FILING

You can use software to help you prepare nonresident returns; but the forms cannot be filed electronically. The IRS anticipates being ready to accept them electronically in 2003. Very little software is available for preparing foreign students' and scholars' tax returns. If you can use such software (some colleges provide it), it can be of great help in preparing returns. The VITA program does not currently furnish software to international VITA sites. The TaxWise® software used in Form 1040 preparation does have Form 1040NR on it, but it does not help you with calculations. If you have access to TaxWise, you can use it as a template and type in the information for Form 1040NR; but you must still do the calculations and know the treaties. If you have additional software questions, talk to your VITA coordinator or the foreign student advisor.

Note that returns cannot be faxed to the IRS.

STUDENT NOTES

TREATY OVERVIEW

Many countries have **tax treaties** with the U.S. that allow their residents to earn some money while temporarily in the U.S. without being subject to income tax on those earnings in both countries. These treaties will have a large impact on your volunteer work with international students and scholars. The texts of the treaties are posted on the IRS Web site (<http://www.irs.gov>), but understanding them can be a challenge. IRS Publication 901, *U.S. Tax Treaties*, has an overview of them.

India is the only country whose international students are allowed to use the standard **deduction** in the U.S. On the other hand, all international students and scholars are entitled to the personal **exemption** for themselves, and in some cases for family members. (See Lesson 8 for more information.)

International students and scholars may complete Form 8233, *Exemption From Withholding on Compensation for Independent (and Certain Dependent) Personal Services of a Nonresident Alien Individual*, annually and give it to their employer. This allows the employer to avoid withholding federal income tax on their earnings or other payments until the applicable treaty benefit amount is exceeded. It also enables the employer to issue the correct type of wage statement at the end of the year. But the students and scholars are entitled to claim their treaty benefits on their tax returns, even if they did not give the proper forms to their employer or college. The individual is also allowed to claim the treaty benefit even if the employer did not issue the correct reporting document.

Each type of income that an alien can earn is identified by a numeric code on Form 1042-S (which international students and scholars should receive in lieu of a Form W-2 for any income that is covered by a treaty). A code often seen is “19”—wage income for a student. The codes are helpful in determining the application of the treaty benefits. Table 1 on the next page lists these codes and their meanings.

The pages following the income codes give a quick guide to treaty benefits. However, they do not list all the restrictions on treaty benefits. Publication 901 provides additional information. Tables 2 through 4 summarize treaty benefits applicable to each of the three major kinds of income (codes 15, 18, and 19) of students and scholars from each country for which a treaty gives benefits for that code. Countries not listed in the tables had no treaty benefits for their students or scholars when this publication went to press. However, new treaties are ratified from time to time. Students can often tell you what

they think their treaty benefit should be. If you don't see information for their country listed in Tables 2 through 4, you can check the IRS Web site (<http://www.irs.gov>) to see whether a new treaty has been ratified. Treaty benefits are tied to the residency of the individual immediately before entering the U.S., not the country who issued the passport.

Example 1

Suigita is a citizen of India. In 2000 she received her undergraduate degree from the University of Toronto. In April, 2001 she entered the U.S. from Canada to begin work on her graduate degree. Since she was a resident of Canada immediately before entering the United States, she is governed by the Canada treaty, not the India treaty.

Table 1: Income Codes for Aliens

(This is a comprehensive list. The codes most often applying to international students and scholars are in **boldface**. Many codes rarely apply to students and scholars, but are shown here for reference.)

Code Description

01	Interest paid by U.S. obligors—general
02	Interest on real property mortgages
03	Interest paid to controlling foreign companies
04	Interest paid by foreign corporations
05	Interest on tax-free covenant bonds
06	Dividends paid by U.S. corporations—general
07	Dividends qualifying for direct dividend rate
08	Dividends paid by foreign corporations
09	Capital gains
10	Industrial royalties
11	Motion picture or television copyright royalties
12	Other royalties
13	Real property income and natural resources income
14	Pensions, annuities, alimony, and/or insurance premiums
15	Scholarship or fellowship grants
16	Compensation for independent personal services
17	Compensation for dependent personal services
18	Compensation for teaching and researching
19	Compensation during study and training
20	Earnings as an artist or athlete
...	
24	Real estate investment trust (REIT) distributions of capital gains
25	Trust distributions subject to Code section 1445
26	Growing crops and timber income
27	Publicly traded partnership distributions
28	Gambling winnings
29	Deposit interest
30	Original issue discount (OID)
31	Short-term OID
32	Notional principal contract income
...	
50	Other income

INCOME CODE 15: SCHOLARSHIP OR FELLOWSHIP GRANTS

International students and scholars often receive scholarships, fellowships, grants, and assistantships from U.S. sources. Regardless of the term used, the taxability of such payments (or waivers of charges) depends on their nature, as described below. All such grants and waivers fall into one of three categories:

- a.** Money received for (or a waiver of charges for) tuition, fees, books, and/or supplies. This money is not taxable if it was spent for the purpose intended and there was no requirement to perform services. (The same is true for domestic students.) This rule applies whether the payer is foreign or domestic.
- b.** Money received for (or a waiver of charges for), room and board—again, if paid with no requirement to perform services. This money is normally taxable; but some countries have treaty provisions making it nontaxable. They are listed on the next page. Usually there is a maximum number of years of presence in the U.S. during which such money will be nontaxable. If those years are exceeded, the treaty benefit ends. The maximum years are listed in Table 2, along with the article number containing the provision in the treaty.
- c.** Money received (or a waiver of charges) on condition that the recipient perform services such as teaching or research. This money is treated as wages and is considered code 18 or 19 income. Its taxation is discussed later.

**Table 2: Countries With Treaty Benefits for Scholarship Income
(income code 15)**

<i>Country</i>	<i>Maximum years in U.S.</i>	<i>Amount</i>	<i>Treaty article</i>
Belgium	5	Unlimited	21(1)
China, People's Rep.	No limit	Unlimited	20(b)
C.I.S.*	5	Limited†	VI(1)
Cyprus	5	Unlimited	21(1)
Czech Rep.	5	Unlimited	21(1)
Egypt	5	Unlimited	23(1)
Estonia	5	Unlimited	20(1)
France	5	Unlimited	21(1)
Germany	5	Unlimited	20(3)
Iceland	5	Unlimited	22(1)
Indonesia	5	Unlimited	19(1)
Israel	5	Unlimited	24(1)
Japan	5	Unlimited	20(1)
Kazakhstan	5	Unlimited	19
Republic of Korea	5	Unlimited	21(1)
Latvia	5	Unlimited	20(1)
Lithuania	5	Unlimited	20(1)
Morocco	5	Unlimited	18
Netherlands	3	Unlimited	22(2)
Norway	5	Unlimited	16(1)
Philippines	5	Unlimited	22(1)
Poland	5	Unlimited	18(1)
Portugal	5	Unlimited	23(1)
Romania	5	Unlimited	20(1)
Russia	5	Unlimited	18
Slovak Rep.	5	Unlimited	21(1)
Spain	5	Unlimited	22(1)
Thailand	5	Unlimited	22(1)
Trinidad & Tobago	5	Unlimited	19(1)
Tunisia	5	Unlimited	20
Venezuela	5 (undergraduate)	Unlimited	21(1)

* The Commonwealth of Independent States (C.I.S.) includes Armenia, Azerbaijan, Belarus, Georgia, Kyrgyzstan, Moldova, Tajikistan, Turkmenistan, and Uzbekistan.

† The annual income limit under the tax treaty with the C.I.S. is \$10,000 if that amount is spent for the purposes for which the person is in the U.S.

Example 2

Aseye is from Ghana, Africa. She is an F-1 student in the U.S. She receives a tuition waiver from her college. She is not required to work to get the waiver. She also received a \$250 scholarship from a local group to help cover her books. She pays her own room and board with monies from her home country. She has no taxable scholarship or fellowship income.

Example 3

Birgit is from Sweden. She is an F-1 student at a graduate school in the U.S. She receives a tuition waiver in exchange for services as a graduate assistant. Her waiver is taxable to the extent it equals the value of her services.

Example 4

Reinhard, who is from Germany, is a student with an F-1 visa. He receives a tuition waiver from his college. He is not required to perform any services to get this waiver. The tuition waiver is not taxable. He has another scholarship that covers all his room and board. It would normally be taxable, but his treaty provision makes it nontaxable.

INCOME CODE 18: COMPENSATION FOR TEACHING AND RESEARCHING

Pay of professors and teachers may be exempt from U.S. income taxes for either 2 or 3 years if they are temporarily in the U.S. to teach or do research. Table 3 lists the countries with treaty benefits for this type of income. These exemptions by treaty apply to pay earned by the visiting professor or teacher only—not to any earnings of a spouse or dependents.

The treaty exemption for teaching or research income is counted from the day of arrival in the U.S. Germany, India, Netherlands, Thailand, and the United Kingdom have treaty clauses saying that if the maximum years of presence are exceeded, the **entire** treaty benefit is lost. This could require the teacher to file amended returns and pay tax on past years. Thus a taxpayer who expects to stay more than the limit on years of presence should avoid claiming the treaty benefit for any years.

Example 5

Deepak is from India. He is on a J-1 visa and is teaching engineering at a local university. He has been offered a 2-year contract with that university, and fully expects to return to India when it ends. He should claim his treaty benefit when filing his return.

Example 6

Assume the same facts as in Example 5, except that Deepak renews his 2-year contract in its second year. Now all of his earnings from the university will be taxable from the beginning of his employment. He will have to file amended returns for the tax years he claimed the treaty benefit.

Example 7

Assume that Deepak was hired on a 4-year contract to teach at the university. Since he expects to stay beyond the maximum years of presence allowed by treaty, he should not claim the treaty benefit for any year.

Example 8

Assume the same facts as in Example 7, except that Deepak stays only 1 year and then returns to India. He is entitled to the treaty benefit, even though his original contract exceeded the limit on years of presence.

Example 9

Assume the same facts as in Example 5. Deepak's arrival date in the U.S. is August 1, 1999 and his contract expires at the end of the summer session on July 31, 2001. He should claim his treaty benefit on his 1040NR for 1999 and 2000. Since he is on a J-1 visa, he will need to begin counting his days of presence for the SPT on January 1, 2001. By the time he leaves on July 31, he will have been in the U.S. for more than 183 days in 2001 and will be required to file as a resident alien on Form 1040. He will, however, still be able to claim the treaty benefit. An easy way to accomplish this is to put the income on line 7 and put it as a negative number on the "Other Income" line.

Table 3: Countries With Treaty Benefits for Income From Teaching (income code 18)

<i>Country</i>	<i>Maximum years in U.S.</i>	<i>Amount</i>	<i>Treaty article</i>
Belgium	2	Unlimited	20
China, People's Rep.	3	Unlimited	19
C.I.S.	2	Unlimited	VI(1)
Czech Rep.	2	Unlimited	21(5)
Denmark	2	Unlimited	XIV
Egypt	2	Unlimited	22
France	2	Unlimited	20
Germany	2	Unlimited	20(1)
Greece	3	Unlimited	XII
Hungary	2	Unlimited	17
Iceland	2	Unlimited	21
India	2	Unlimited	22
Indonesia	2	Unlimited	20
Israel	2	Unlimited	23
Italy	2	Unlimited	20
Jamaica	2	Unlimited	22
Japan	2	Unlimited	19
Korea	2	Unlimited	20
Luxembourg	2	Unlimited	XIII
Netherlands	2	Unlimited	21(1)
Norway	2	Unlimited	15
Pakistan	2	Unlimited	XII
Philippines	2	Unlimited	21
Poland	2	Unlimited	17
Portugal	2	Unlimited	22
Romania	2	Unlimited	19
Slovak Rep.	2	Unlimited	21(5)
Thailand	2	Unlimited	23
Trinidad & Tobago	2	Unlimited	18
United Kingdom	2	Unlimited	20
Venezuela	2	Unlimited	21(3)

INCOME CODE 19: COMPENSATION DURING STUDY AND TRAINING

Students and trainees from many countries are allowed to earn some money tax-free in the U.S. Table 4 lists these amounts, which vary by country.

Immigration restrictions usually bar students from working **off-campus** during their first year in the U.S. Even after that year, special INS permission is needed to work off-campus. Most international students earn money from the college or university they attend. If they work for the campus food service, but it is managed by an outside company (an example is Marriott), their wage statements will show the name of that company. That is considered on-campus work for immigration purposes.

A spouse or dependent of an F-1 student is not permitted to work while in the U.S. on an F-2 visa. A spouse who acquires his or her own F-1 visa may be granted permission to work on campus.

Sometimes, students earn more wages than their treaty benefit. If that happens, the excess must be reported on their tax return. As you will see later, international students are allowed only limited deductions against their income.

Example 10

Yumiko is an international student from Japan. She earned \$3,466 last year working in the campus library. She had \$118 of federal income tax withheld. This is her second year in the U.S. Her treaty allows her to earn \$2,000 tax-free. Her taxes would be computed as follows:

Wages	\$ 3,466
Treaty benefit	<u>-2,000</u>
Wages subject to tax	1,466
Personal deduction	<u>-2,900</u>
Taxable income	0
Refund	\$ 118

**Table 4: Countries With Treaty Benefits for Student Wages
(income code 19)**

<i>Country</i>	<i>Maximum years in U.S.</i>	<i>Amount</i>	<i>Treaty article</i>
Belgium	5	\$ 2,000	21(1)
China, People's Rep.	No limit	5,000	20 (c)
C.I.S.	5	Limited	VI(1)
Cyprus	5	2,000	21(1)
Czech Rep.	5	5,000	21(1)
Egypt	5	3,000	23(1)
Estonia	5	5,000	20(1)
France	5	5,000	21(1)
Germany	4	5,000	20(4)
Iceland	5	2,000	22(1)
Indonesia	5	2,000	19(1)
Israel	5	3,000	24(1)
Japan	5	2,000	20(1)
Korea	5	2,000	21(1)
Latvia	5	5,000	20(1)
Lithuania	5	5,000	20(1)
Morocco	5	2,000	18
Netherlands	No limit	2,000	22(1)
Norway	5	2,000	16(1)
Pakistan	No limit	5,000	XIII(1)
Philippines	5	3,000	22(1)
Poland	5	2,000	18(1)
Portugal	5	5,000	23(1)
Romania	5	2,000	20(1)
Slovak Republic	5	5,000	21(1)
Spain	5	5,000	22(1)
Thailand	5	3,000	22(1)
Trinidad & Tobago	5	2,000	19(1)
Tunisia	5	4,000	20
Venezuela	5	5,000	21(1)

DEPENDENT AND INDEPENDENT PERSONAL SERVICES

Students and scholars sometimes try to make use of the treaty benefits for dependent and independent personal service income (income codes 16 and 17). This is an incorrect interpretation of the treaties. Treaties often do not permit students and scholars to earn those types of income. They are only allowed to engage in employment that is related to the reason they were admitted to the country. Students are not admitted to be performers or have dependent service income. The INS usually does not allow a student to engage in independent personal services in the U.S.

UNUSUAL TREATY PROVISIONS

Although every treaty is unique, most have very similar rules for students and scholars. However, three countries have unusual provisions for students and scholars. The following information is a summary of those provisions.

Canada Treaty

The Canadian treaty has some provisions that are unique to it. IRS Publication 597 is a good reference tool on its benefits to students and scholars from Canada. Residents of other countries often go to Canada and establish residency there, then come to the U.S. to study. Generally, they follow the treaty provisions of the country in which they were most recently residents.

The tax treaty with Canada is different from all other tax treaties because it (1) exempts all earned income if the nonresident earned no more than \$10,000 in the tax year, but (2) taxes all income if the nonresident earned over \$10,000. This treaty benefit is lost if the nonresident becomes a resident for tax purposes.

Example 11

Henry LaRue is an international student from Canada. He entered the U.S. on an F-1 visa in 2000. In 2001 he earned \$5,600 from on-campus employment. His federal tax withholding was \$593. He must file either Form 1040NR or Form 1040NR-EZ. In either form's question-and-answer section, he will provide the information that "Tax treaty article XV exempts all earned income from tax. I earned \$5,600 in 2001". Henry will receive a refund of \$593.

If Henry had earned more than \$10,000, he could not use the earned income treaty benefit. He would owe federal taxes on all his earnings that year.

India Treaty

The IRS issued procedures for a new tax treaty with India in 1993. The treaty's benefits apply to tax years beginning on or after January 1, 1992.

An Indian **student** may take a **standard deduction** equal to the amount allowable on Form 1040 and may claim the personal exemptions for a non-working spouse and U.S. born children.

Treaty benefits for a **scholar** from India are very different from those for a **student**. The **scholar** benefit for income code 18 is lost retroactively if the visit exceeds 2 years.

Example 12

Kumar Dali arrived in the U.S. in 1999 on a J-1 visa. He had a 1-year contract to teach agriculture at the local university. His teaching was well received, and he was asked to stay and teach until the fall of 2002. In 1999 and 2000 he excluded all his earnings from tax by using the Indian treaty benefit. In 2001, all his earning will be taxable. He also must file amended returns for 1999 and 2000, changing his income from non-taxable to taxable.

China Treaty

Almost all U.S. tax treaties provide that their benefits cease if the taxpayer becomes a resident for tax purposes. But the U.S. treaty with China is different. Many of its provisions are available to both nonresident **and** resident aliens.

The treaty provides that a scholar is exempt from tax on earned income for 3 years. After 2 years a scholar will become a resident alien for tax purposes, but is still entitled to 1 more year of tax benefits under the treaty.

Example 13

Joy Chen came to the U.S. in 1999 to teach for 3 years at the local university. She was paid \$38,000 per year for her full-time "Art as Clothing" program. For 1999 and 2000 she filed Form 1040NR-EZ, reporting no taxable income because her treaty benefit exempted all her income. In 2001 she must file a Form 1040. On the line for "other income" she can take a deduction equal to her salary, because her treaty provides 1 more year of exemption. If she stays to teach in 2002 she will have to pay tax on her salary that year, but will not have to amend any prior years' returns.

A student from China, is entitled to the \$5,000 exemption for the amount of time reasonably necessary to complete education or training. A student will become a resident alien for tax purposes after 5 years, but is still entitled to the treaty benefit as long as (s)he remains a student.

Example 14

Kia came to the U.S. in 1996 on an F-1 visa to study bio-engineering. She has not left the U.S. except for short visits home. In 2001 she earned \$10,700 as a graduate assistant. She must file a Form 1040. She can exclude \$5,000 of her wages under her treaty benefit. The remaining \$5,700 will be her adjusted gross income.

Exercise 1

Determine the treaty benefit available for the following **students**. Assume that all money was earned in the U.S. Use Table 4 to help you answer these questions.

<i>Country</i>	<i>Years in U.S.</i>	<i>Earned income</i>	<i>Treaty benefit</i>
Germany	2	\$5,400	_____
China	6	6,200	_____
Ghana	3	4,700	_____
Nigeria	1	2,100	_____
Poland	4	7,600	_____
Israel	6	5,800	_____
Russia	2	7,300	_____

What form should be given to the university payroll office to claim exemption from withholding on the amount of income covered by the treaty?_____

Exercise 2

Determine how much of the following **scholars'** income from U.S. universities will be exempt from U.S. taxation. Use Table 3 to help you answer these questions.

<i>Country</i>	<i>Years in U.S.</i>	<i>Salary</i>	<i>Nontaxable portion</i>
India	1	\$34,000	_____
China	1	34,000	_____
China	3	34,000	_____
South Africa	1	34,000	_____
Sweden	2	34,000	_____

Exercise 3

Determine how much of the following **scholars'** income from U.S. universities will be exempt from U.S. taxation in 2001. They each entered the U.S. on August 1, 1999 and were still here in 2002. Use Table 3 to help you answer these questions.

<i>Country</i>	<i>Salary</i>	<i>Nontaxable portion</i>
India	\$34,000	_____
China	34,000	_____
South Africa	34,000	_____
Sweden	34,000	_____

Exercise 4

Did the following students have any taxable scholarships? Assume that their tuition was equal to the tuition scholarship. Also assume that each student arrived in the U.S. for the first time in 1999, and that all scholarships are provided by U.S. institutions. Use Table 2 to help you answer these questions.

<i>Country</i>	<i>Tuition scholarship</i>	<i>Room & board scholarship</i>	<i>Amount subject to tax</i>
China	\$5,000	\$4,600	_____
Poland	3,800	6,700	_____
India	3,150	4,900	_____
Australia	4,950	5,000	_____
Pakistan	3,700	7,300	_____
Russia	4,600	5,900	_____
Guyana	4,400	2,950	_____

**Exemption From Withholding on Compensation
for Independent (and Certain Dependent) Personal
Services of a Nonresident Alien Individual**

OMB No. 1545-0795

▶ See separate instructions.

**Who Should
Use This Form?**

Note: For definitions of terms used in this section and detailed instructions on required withholding forms for each type of income, see **Definitions** on pages 1 and 2 of the instructions.

IF you are a nonresident alien individual who is receiving . . .**THEN** use this form to claim . . .

Compensation for independent personal services performed in the United States

A tax treaty withholding exemption for part or all of that compensation and/or to claim the daily personal exemption amount.

Compensation for dependent personal services performed in the United States

A tax treaty withholding exemption for part or all of that compensation.

Note: Do not use Form 8233 to claim the daily personal exemption amount.Noncompensatory scholarship or fellowship income **and** personal services income **from the same withholding agent**A tax treaty withholding exemption for part or all of **both** types of income.**DO NOT Use
This Form. . .****IF** you are a beneficial owner who is . . .**INSTEAD**, use . . .Receiving compensation for dependent personal services performed in the United States **and** you are **not** claiming a tax treaty withholding exemption for any part of that compensation

Form W-4

Receiving noncompensatory scholarship or fellowship income **and** you are **not** receiving any personal services income **from the same withholding agent**

Form W-8BEN or, if elected by the withholding agent, Form W-4

Claiming only foreign status or treaty benefits with respect to income that is **not** compensation for personal services

Form W-8BEN

This exemption is applicable for compensation for calendar year . . . , or other tax year beginning . . . and ending . . .

Part I Identification of Beneficial Owner (See instructions.)

1 Name of individual who is the beneficial owner	2 U.S. taxpayer identifying number	3 Foreign tax identifying number, if any (optional)
--	------------------------------------	---

4 Permanent residence address (street, apt. or suite no., or rural route). **Do not use a P.O. box.**

City or town, state or province. Include postal code where appropriate.

Country (do not abbreviate)

5 Address in the United States (street, apt. or suite no., or rural route). **Do not use a P.O. box.**

City or town, state, and ZIP code

Note: Commuters who are citizens of Canada or Mexico are not required to complete lines 7a and 7b.

6 U.S. visa type and number	7a Country issuing passport	7b Passport number
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8 Original date of entry into the United States	9 Date your current nonimmigrant status expires
---	---

10 If you are a foreign student, trainee, professor/teacher, or researcher, check this box ☐**Caution:** See the **line 10 instructions** for the required additional statement you must attach.

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 62292K

Form **8233** (Rev. 7-01)

Exercise 1	Germany	\$5,000
	China	\$5,000
	Ghana	0
	Nigeria	0
	Poland	\$2,000
	Israel	0
	Russia	0
	Form 8233 should be used to inform the university payroll office of the treaty benefit being claimed.	
Exercise 2	India	\$34,000
	China (1 year)	\$34,000
	China (3 years)	\$34,000
	South Africa	0
	Sweden	0
Exercise 3	India	0
	China	\$34,000
	South Africa	0
	Sweden	0
Exercise 4	India is zero because the scholar exceeded two years in the U.S.	
	China is \$34,000 because the treaty allows the benefit for 3 years even though the scholar must file Form 1040. In 2002, the benefit will have to be prorated to July 31st.	
	None of the tuition scholarship money would be taxed to any of these students. That is because the Internal Revenue Code allows any recipient of tuition, fees, and books scholarships to exclude them from income.	
	China	0
	Poland	0
	India	\$4,900
	Australia	\$5,000
	Pakistan	\$7,300
	Russia	0
	Guyana	\$2,950

STUDENT NOTES

IDENTIFICATION NUMBERS

Most nonresident students and scholars cannot claim family members as dependents. Any family member who **can** be claimed as a dependent must have a Taxpayer Identification Number (TIN). If the dependent has been issued a Social Security Number (SSN), that is the TIN. But most family members do not have work authorization, so the Social Security Administration will not issue them Social Security Numbers.

A Form W-7 must be filed with the IRS for each person who will be claimed as a spouse or a dependent. About 6 to 8 weeks after the form is filed, the IRS will issue an Individual Tax Identification Number (ITIN) for that dependent. The form should be filed as soon as the student or scholar expects to claim the family member as a dependent. The deduction for the spouse or the dependent can't be claimed until the ITIN is received.

All boxes on Form W-7 must be filled in, including writing "N/A" when not applicable. The form must contain both the mailing address and the address of tax residence (in the foreign country).

When Form W-7 is filed, original documents (such as the dependent's passport or other proof of existence) must be presented. This can be done in person at an IRS office, or with an **acceptance agent**. The foreign student office on the campus should be able to tell you whether the college is an acceptance agent. If not, you can check the IRS Web site at this page: www.irs.gov/prod/ind_info/agents.html

Form **W-7**
(Rev. October 1999)

Department of the Treasury
Internal Revenue Service

Application for IRS Individual Taxpayer Identification Number

► See instructions. ► Please type or print.

OMB No. 1545-1483

► For use by individuals who are NOT U.S. citizens, nationals, or permanent residents.

Before you begin:

- This number is for tax purposes only. **Do not submit** this form if you have, or are eligible to obtain, a U.S. social security number (SSN).
- Receipt of an IRS individual taxpayer identification number (ITIN) creates no inference regarding your immigration status or your right to work in the United States.
- Receipt of an ITIN does not make you eligible to claim the earned income credit (EIC).

FOR IRS USE ONLY

Reason you are submitting Form W-7. (Check only one box. See instructions.)

- a ☐ Nonresident alien required to obtain ITIN to claim tax treaty benefit
- b ☐ Nonresident alien filing a U.S. tax return and not eligible for an SSN
- c ☐ U.S. resident alien (based on days present in the United States) filing a U.S. tax return and not eligible for an SSN
- d ☐ Dependent of U.S. person } Enter name and SSN of U.S. person (see instructions) ►
- e ☐ Spouse of U.S. person }
- f ☐ Other (specify)

1 Name (see instructions) Name at birth if different ►	1a Last name (surname or family name)	First name	Middle name
	1b Last name (surname or family name)	First name	Middle name
2 Permanent residence address, if any (see instructions)	Street address, apartment number, or rural route number. Do not use a P.O. box number.		
	City or town, state or province, and country. Include ZIP code or postal code where appropriate.		
3 Mailing address (if different from above)	Street address, apartment number, P.O. box number, or rural route number.		
	City or town, state or province, and country. Include ZIP code or postal code where appropriate.		
4 Birth information	Date of birth (month, day, year) / /	Country of birth	City and state or province (optional)
6 Family information	Father's last name (surname)	First name	Middle name
	Mother's maiden name (surname)	First name	Middle name
7 Other information	7a Country(ies) of citizenship	7b Foreign tax identification number	7c Type of U.S. visa (if any) and expiration date
	7d Identification document(s) submitted (see instructions). <input type="checkbox"/> Passport <input type="checkbox"/> Driver's license/State I.D. <input type="checkbox"/> INS documentation <input type="checkbox"/> Other..... Issued by: Number:		
	7e Have you previously received a U.S. temporary Taxpayer Identification Number (TIN) or Employer Identification Number (EIN)? <input type="checkbox"/> No/Do not know. Skip line 7f. <input type="checkbox"/> Yes. Complete line 7f. If you need more space, list on a sheet and attach to this form. (See instructions.)		
	7f TIN <input type="text"/> - <input type="text"/> - <input type="text"/> Enter the name under which the TIN was issued.		
	EIN <input type="text"/> - <input type="text"/> Enter the name under which the EIN was issued.		
Sign Here Keep a copy of this form for your records.	Under penalties of perjury, I (applicant/delegate/acceptance agent) declare that I have examined this application, including accompanying documentation and statements, and to the best of my knowledge and belief, it is true, correct, and complete. I authorize the IRS to disclose to my acceptance agent returns or return information necessary to resolve matters regarding the assignment of my IRS individual taxpayer identification number (ITIN).		
	Signature of applicant (if delegate, see instructions)	Date (month, day, year) / /	Phone number
Acceptance Agent's Use ONLY	Name of delegate, if applicable (type or print)	Delegate's relationship to applicant ► <input type="checkbox"/> Parent <input type="checkbox"/> Guardian <input type="checkbox"/> Power of Attorney	
	Signature	Date (month, day, year) / /	Phone ()
	Name and title (type or print)	Name of company	Fax ()
			EIN

For Paperwork Reduction Act Notice, see page 4.

Cat. No. 10229L

Form **W-7** (Rev. 10-99)

General Instructions

Note: If you have been lawfully admitted for permanent residence or U.S. employment, you are eligible for a social security number. **Do not** complete this form.

Purpose of Form

Use Form W-7 to apply for an IRS individual taxpayer identification number (ITIN). An ITIN is a nine-digit number issued by the U.S. Internal Revenue Service (IRS) to individuals who are required to have a U.S. taxpayer identification number but who do not have, and are not eligible to obtain, a social security number (SSN).

The ITIN is for tax purposes only. It does not entitle you to social security benefits, and creates no inference regarding your immigration status or your right to work in the United States. Any individual who is eligible to be legally employed in the United States must have an SSN.

Note: Individuals filing tax returns using an ITIN are not eligible for the earned income credit (EIC).

Who Must Apply

Any individual who is **not eligible to obtain an SSN** but who must furnish a taxpayer identification number to the IRS must apply for an ITIN on Form W-7. For example:

- A nonresident alien individual not eligible for an SSN who is required to file a U.S. tax return OR who is filing a U.S. tax return only to claim a refund.
- A nonresident alien individual not eligible for an SSN who elects to file a joint U.S. tax return with a spouse who is a U.S. citizen or resident.
- A U.S. resident alien (based on substantial presence) who files a U.S. tax return but who is not eligible for an SSN.
- An alien spouse claimed as an exemption on a U.S. tax return who is not eligible to obtain an SSN.
- An alien individual eligible to be claimed as a dependent on a U.S. tax return but who is unable or not eligible to obtain an SSN. To determine if an alien individual is eligible to be claimed as a dependent on a U.S. tax return, see **Pub. 501**, Exemptions, Standard Deduction, and Filing Information, and **Pub. 519**, U.S. Tax Guide for Aliens.

DO NOT complete Form W-7 if you have an SSN or you are eligible to obtain an SSN. Thus, do not complete this form if you are a U.S. citizen or national, or if you have been lawfully admitted for permanent residence or U.S. employment.

To obtain an SSN, get **Form SS-5**, Application for a Social Security Card. To get Form SS-5 or to find out if you are eligible to obtain an SSN, contact a Social Security Administration office.

If you have an application for an SSN pending, **do not** file Form W-7. Complete Form W-7 only if the Social Security Administration notifies you that an SSN cannot be issued.

Additional Information

Publications. For details on resident and nonresident alien status and the tests for residence (including the substantial presence test), get Pub. 519.

For details on individuals who can be claimed as dependents and on obtaining an SSN for a dependent, get Pub. 501.

For details on eligibility for the earned income credit, get **Pub. 596**, Earned Income Credit.

These publications are available free from the IRS. To order the publications, call 1-800-TAX-FORM (1-800-829-3676) if you are in the United States. If you have a foreign address, you can write to:

Eastern Area Distribution Center
P.O. Box 85074
Richmond, VA 23261-5074

You can also get these publications using a computer and modem. On the Internet, you can do this in two ways:

World Wide Web: Connect to www.irs.gov.

File transfer protocol: Connect to [ftp.irs.gov](ftp://ftp.irs.gov).

Telephone help. If, after reading these instructions and our free publications, you are not sure how to complete your application or have additional questions, you may call for assistance:

- Inside the United States: 1-800-829-1040. This service is available 24 hours a day, 7 days a week from January 3, 2000, through April 17, 2000. Beginning April 18, 2000, this service is available Monday through Saturday from 7:00 a.m. until 11:00 p.m. local time. Holiday hours may vary.
- Outside the United States: 1-215-516-ITIN (215-516-4846). This is not a toll-free number. You may also contact any of our overseas offices in Berlin, London, Mexico City, Paris, Rome, Singapore, or Tokyo.

How To Apply

You can apply either by mail or in person. See **Where To Apply** on this page. Keep a copy for your records. Be sure to mail or bring with you:

- Your completed Form W-7; and
- The original documents, or certified or notarized copies of documents, that substantiate the information provided on the Form W-7.

The document(s) you present must be current and must verify: **(a)** your identity, that is, contain your name and a photograph, and **(b)** support your claim of foreign status. You may have to provide a combination of documents for this purpose. Examples of acceptable documents include, but are not limited to:

- A passport.
- A driver's license.
- Documents issued by the U.S. Immigration and Naturalization Service (INS).
- An identity card issued by a state or national government authority.

- A foreign military or military dependent identification card.
- A foreign voter registration certificate.
- Birth, marriage, or baptismal certificates.
- School records.

You can submit copies of original documents. However, such documents must be:

- Certified by the issuing agency or official custodian of the original record; or
- Notarized by a U.S. notary public legally authorized within his or her local jurisdiction to certify that the document is a true copy of the original. To do this, the notary must see the valid, unaltered original document and verify that the copy conforms to the original. U.S. notaries public are available at U.S. embassies and consulates worldwide. Non-U.S. notarizations will **not** be accepted.

When To Apply

Complete Form W-7 as soon as you meet one of the requirements listed under **Who Must Apply** on this page. Applying early will give the IRS time to issue you an ITIN before its required use.

If you have not heard from the IRS regarding your ITIN within 30 days, you may call 1-800-829-1040 (in the United States) or 1-215-516-4846 (outside the United States) to find out about the status of your application. Be sure to have a copy of your application available when you call. Please allow 30 days from the date you submitted Form W-7 before calling the IRS about the status of your application.

Allow 4 to 6 weeks for the IRS to notify you in writing of your ITIN.

Where To Apply

Applying in person. You can apply for an ITIN at any IRS walk-in office in the United States and at most IRS offices abroad (contact the IRS office abroad to find out if that office accepts Form W-7 applications). You can also get application forms at certain U.S. consular offices.

You can also apply through an acceptance agent authorized by the IRS.

Applying by mail. Complete Form W-7, sign and date it, and mail the form along with the original or certified or notarized copies of your documentation to:

Internal Revenue Service
Philadelphia Service Center
ITIN Unit
P.O. Box 447
Bensalem, PA 19020

Original documents you submit will be returned to you. You do not need to provide a return envelope. **Copies** of documents will not be returned.

Specific Instructions

The following instructions are for those items that are not self-explanatory. Enter N/A (not applicable) on all lines that do not apply. If you are completing this form for someone else, answer the questions as they apply to that person.

Reason for applying. You must check a box to indicate the reason you are completing this Form W-7. **Check only one box.**

a. Nonresident alien required to obtain ITIN to claim tax treaty benefit. Certain nonresident aliens must obtain an ITIN to claim a tax treaty benefit even if they do not have to file a U.S. tax return.

b. Nonresident alien filing a U.S. tax return and not eligible for an SSN. This category includes:

- A nonresident alien who must file a U.S. tax return to report income effectively or not effectively connected with the conduct of a trade or business in the United States.
- A nonresident alien who is filing a U.S. tax return only to obtain a refund.
- A nonresident alien electing to file a U.S. tax return jointly with a spouse who is a U.S. citizen or resident.

c. U.S. resident alien (based on days present in the United States) filing a U.S. tax return and not eligible for an SSN. A foreign individual living in the United States who does not have permission to work from the INS, and is thus ineligible for an SSN, may still have a U.S. tax return filing obligation. Such individuals must check this box.

d. Dependent of U.S. person. This is an individual who may be claimed as a dependent on a U.S. tax return and who is unable, or not eligible, to obtain an SSN.

Note: A U.S. person is a citizen, national, or resident alien of the United States.

e. Spouse of U.S. person. This is a nonresident alien husband or wife who is not filing a U.S. tax return (including a joint return) but who may be claimed as a spouse for an exemption, and who is not eligible to obtain an SSN.

f. Other. Use this box **only** if your situation does not fall into any of the above categories. If you check this box, you must describe in detail your reason for requesting an ITIN.

SSN of U.S. person. If you are applying for an ITIN under category **d** or **e** above, you **must** provide the **full name and SSN** of the U.S. person. Enter the information in the space provided. If the U.S. person chooses to provide this information in a separate letter, be sure to enter "Information will be provided in separate letter" in this space. If this space is left blank, your application will be rejected.

The letter provided by the U.S. person must identify the Form W-7 to which the information relates and must include:

- The U.S. person's full name and SSN; and
- The name, address, date of birth and country of birth of the dependent or spouse as shown on the Form W-7.

Mail the letter to the address shown under **Where To Apply** on page 3.

Note: If the U.S. person chooses this method, the Form W-7 will not be processed until the information is received.

Lines 1a and 1b. Enter your legal name on line 1a. This entry should reflect your name as it will appear on your U.S. tax return. If your legal name was different at birth, enter on line 1b your name at birth as it appears on your birth certificate.

Line 2. Enter your complete address in the country where you permanently or normally reside. If you are claiming a benefit under an income tax treaty with the United States, the address entered must normally be an address in the treaty country. Include the postal code where appropriate.

Do not use a Post Office box or an "in care of" (c/o) address instead of a street address. It will not be accepted.

Line 3. Enter your mailing address if it is different from the address on line 2. This is the address the IRS will use to mail you written notification of your ITIN.

Line 4. You **must** identify the country in which you were born.

Line 7b. If your country of residence for tax purposes has issued you a tax identification number, enter that number on line 7b. For example, if you are a resident of Canada, you would enter your Canadian Social Insurance Number.

Line 7c. Enter only U.S. nonimmigrant visa information, for example, "B-1/B-2." Also enter the expiration date of the visa.

Line 7d. If you have a passport, use it to provide verification of your identity and foreign status. Check the "Passport" box.

If you do not have a passport, use a driver's license or official identification card issued by a U.S. or foreign governmental jurisdiction and check the appropriate box.

If you are using documents issued by the INS, check the "INS documentation" box.

If you have none of the above, check the box for "Other" and **specifically identify** the type(s) of document you are using (for example, enter "military ID" for a military or military/dependent identification card). You may have to provide more than one current document to verify your identity and foreign status. At least one document you present should contain a recent photograph.

You must provide the name of the state, country, or other issuer, and the identification number (if any) appearing on the document(s) you provide. You may be required to provide a translation of documents in a foreign language.

Line 7e. If you ever received a "temporary Taxpayer Identification Number" (TIN) or an Employer Identification Number (EIN), check the "Yes" box and enter the number on line 7f. If you never had a temporary TIN or an EIN, or you do not know your temporary TIN, check the "No/Do not know" box.

A "temporary TIN" was a nine-digit number issued by the IRS to individuals before 1996. You would have been issued this number if you filed a U.S. tax return and did not have a social security number. This temporary TIN will appear on any correspondence the IRS sent you concerning that return. You may have been issued more than one temporary TIN. If so, attach a separate sheet listing all the temporary TINs you received.

An EIN is a nine-digit number assigned by the IRS to businesses, such as sole proprietorships.

Line 7f. Enter in the space provided the temporary TIN and/or EIN and the name under which the number was issued.

Signature. Generally, Form W-7 **must be signed by the applicant.** However, if the applicant is a minor 14 years of age or younger, a delegate (parent or guardian) should sign for him or her. Type or print the delegate's name in the space provided and check the appropriate box to indicate the relationship to the applicant.

If the applicant is over 14 years of age, the applicant may appoint an authorized agent to sign. The authorized agent must print his or her name in the space provided for the name of the delegate and must attach **Form 2848**, Power of Attorney and Declaration of Representative.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by Internal Revenue Code section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is: **Learning about the law or the form**, 13 min.; **Preparing the form**, 29 min.; **Copying, assembling, and sending the form to the IRS**, 20 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Tax Forms Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001. **DO NOT** send the form to this address. Instead, see **Where To Apply** on page 3.



FILING STATUS AND SPOUSAL EXEMPTION

All unmarried nonresidents must use the “single” filing status. Married nonresidents must use one of the married filing statuses even if their spouse is not present in the U.S.

The filing status determines what tax rate schedule will be used, so you should be careful when marking the filing status on the return.

Nonresidents from Canada, Mexico, Japan, Korea, or India may be able to claim an exemption for their spouse. (This is not the same as claiming their spouse as a dependent. The term “dependent” is reserved for family members other than the spouse.) The following rules apply:

Canada and Mexico: Residents of Canada or Mexico can claim a personal exemption for a spouse if the spouse had no gross income for U.S. tax purposes and was not a dependent on another U.S. return.

Japan and South Korea: Residents of Japan and South Korea may be able to claim a personal exemption for a spouse. The spouse must live with the taxpayer. If the student or scholar also has income from outside the U.S., the exemption will have to be prorated. See IRS Publication 519 for more information.

India: Some nonresidents from India are eligible to claim a personal exemption for a spouse. The deduction applies only to students and business apprentices. A student can claim an exemption for a spouse if the spouse had no gross income during the year and cannot be claimed on someone else’s U.S. return. When completing the form, the spouse’s information goes on line 7c.

Example 1

Zenobia, a married scholar from Nigeria, arrived in the U.S. on a J-1 visa in 2001. Her husband and child live with her in the U.S. Her husband, Kentaznib, has a J-2 visa and works for a local computer company. Zenobia must file a tax return for herself and mark the “married” box; but her deductions and taxes must be calculated at the “married filing separate” rate. Kentaznib must file his own return using the same filing status. Neither of them can claim the child, or any child-related tax credits.

Example 2

Ming, a married student from Japan, came to the U.S. in 2000 as an F-1 student. Her husband came with her. Her only income was from her on-campus job. Her husband had no income. As a nonresident, she cannot file a joint return with him. She can claim him on her return. He will need to have a tax identification number (either an SSN or an ITIN).

DEPENDENTS

Most nonresidents cannot take a deduction for their dependents. Even if the dependents are U.S. citizens, usually they cannot be claimed on a nonresident return.

Exceptions apply to persons from Canada, Mexico, Japan, Korea, and India, as follows:

Canada and Mexico: Dependents can be deducted if they meet the five general tests for dependency listed in Publication 678, *VITA Assistor's Guide*, and Publication 17, *Your Federal Income Tax Guide*.

Japan and Korea: Dependents must live with the nonresident in the U.S. at least part of the year. The dependent deduction will need to be prorated if the nonresident has both U.S.-source income and foreign income.

India: Dependents can be claimed if they were not admitted to the U.S. on an F-2, J-2, or M-2 visa. They must also meet the five tests for dependency listed in Publication 678, *VITA Assistor's Guide*, and Publication 17, *Your Federal Income Tax Guide*.

Most international students and scholars do not earn large amounts in the U.S. But it should be noted that the phase-out for exemptions applies on Form 1040NR also. A student or scholar would have to exceed \$96,000 of income before these limitations begin to apply.

Example 3

Dehni and Aschuma are married international students at the local university. They are both on F-1 visas from India. They have been in the U.S. since 1998. In 2001 they had a baby girl. Dehni earned \$4,300 in 2001 and Aschuma earned \$5,027. Normally, the person who provided most of a child's support can claim the exemption. But Dehni and Aschuma each earned less than the amount of their deductions (which are covered in a later chapter), so they owe no federal income tax. Thus neither of them needs to claim the child. Each of them can file Form 1040NR-EZ and report his or her earnings.

Example 4

Jesus and Maria are married international students from Mexico. They arrived here in December 2000 and Maria had a baby boy (Jose) in February 2001. Maria did not work in 2001. She was busy with her full-time classes and taking care of Jose. Jesus' mother came to help them in late December 2000, and was in the U.S. all of 2001. Jesus maintained his full-time class schedule in pre-med and worked to support his family. He worked at the health center on campus and earned \$7,800. He should file a Form 1040NR and claim an exemption for his wife and baby. He may also be entitled to claim his mother, but due to his low income he will not benefit from doing so.

Exercise 1:

Jenny is from Australia. She arrived in the U.S. in 2001 with her husband and son. She had an F-1 visa, and her husband and son were on F-2 visas. She earned \$3,100 from an on-campus job.

What is Jenny's filing status? _____

Can she claim her husband and son? _____

Can she use Form 1040NR-EZ? _____

Exercise 2:

Devesh is from India. He arrived on an F-1 visa in 1998. In 2000, his wife and two children joined him in the U.S. and obtained identification numbers. In 2001 his wife had a third child while in the U.S. Devesh earned \$7,850 from on-campus work in 2001. He provided all support for his family. His wife is on an F-2 visa and is not permitted to work.

What is Devesh's filing status? _____

Can he take a deduction for his wife? _____

Can he take a deduction for his two children born in India? _____

Can he take a deduction for his child born in 2001? _____

CAUTION



The student or scholar, spouse, and any qualifying children must have a work-related Social Security Number to qualify for the Earned Income Tax Credit. If the Social Security card says **"NOT VALID FOR EMPLOYMENT,"** the Earned Income Tax Credit cannot be claimed. An ITIN *cannot* be used for Earned Income Tax Credit.

CHILD AND DEPENDENT CARE CREDIT

Generally, nonresident aliens do **not** qualify for this credit. To qualify for the credit, a nonresident alien must do **all four** of the following:

1. pay someone to watch a dependent under age 13 (or a disabled spouse or dependent), **and**
2. do that for care provided during the hours when the student or scholar was working (or looking for work) rather than attending classes or studying, **and**
3. if married, file a joint return with a spouse who is a U.S. citizen or resident alien, under an election for the nonresident spouse to be treated as a resident, **and**
4. not claim expense for the credit in an amount exceeding earned income.

For more information, see IRS Publication 519.

CHILD TAX CREDIT

Few nonresident aliens can claim this credit either. To claim it, a nonresident alien must have a child who:

1. is a U.S. citizen, national, or resident alien, **and**
2. can be claimed as a dependent on the nonresident's tax return, **and**
3. is a son, daughter, adopted child, grandchild, stepchild, or foster child, **and**
4. is under age 17 at the end of the tax year.

EARNED INCOME TAX CREDIT

A student or scholar who is a nonresident for any part of the tax year generally cannot get the Earned Income Tax Credit (EITC). However, a student or scholar who was married and chose to file a joint return with a U.S. citizen or resident spouse may be eligible for the credit.

SPOUSE AND DEPENDENT FILING REQUIREMENTS

Immigration regulations do not allow spouses and dependents on F-2 visas to work. Also, the amount of U.S.-source income those persons are allowed to have is extremely limited. Thus F-2 spouses and dependents are generally not required to file Form 1040NR or 1040NR-EZ. However, they do need to file Form 8843.

Spouses and some dependents on J-2 visas can be authorized to work. They need to file Form 8843, and either Form 1040NR or Form 1040NR-EZ. They are not exempt from paying Social Security tax. Nor can they file claims to get Social Security tax refunded to them.

Exercise 1 Jenny's filing status is married filing separate. She cannot claim her husband and son on her return.

She can file Form 1040NR-EZ

Exercise 2 Devesh's filing status is married filing separate.

He can take a deduction for his wife.

He cannot take deductions for his two children born in India.

He can take a deduction for his child born in the U.S.

TAXATION OF NONRESIDENTS

Many international students and scholars believe that since they are not U.S. citizens, they are not subject to U.S. taxes. That is false. Indeed, international students and scholars are normally entitled to fewer exemptions from U.S. tax than are U.S. students. International students and scholars can claim a personal exemption, but they cannot normally use the standard deduction or take exemptions for dependents.

This lesson deals with taxation of **nonresident** aliens only. If an international student or scholar is a **resident** alien, and your site does not prepare returns for resident aliens, you should direct the student or scholar to a conventional VITA site.

In Lesson 2 you learned who must file a U.S. income tax return and what form to use. We will now explore the types of income that students normally receive; which are taxable; and how they are taxed.

You must first determine the source of each kind of income. That is necessary because **the U.S. does not tax nonresident aliens' foreign-source income**. Table 1 summarizes how to determine the source of each kind of income.

Table 1: Types and Sources of Income

<i>Income type</i>	<i>Source is determined by</i>
Dividends	Where payer is incorporated
Interest	Payer's place of residence
Pension payments attributable to:	
Contributions (employer or employee, pretax)	Where the services were performed
Earnings of domestic (U.S.) trusts	The U.S. is the source
Rents	Where property is located
Royalties from natural resources	Where property is located
Royalties from patents, copyrights, etc.	Where property is used
Salaries, wages, and other compensation for personal services	Where services are performed
Sale of inventory that was purchased	Where the inventory is sold (where title passes)
Sale of personal property (except inventory)	Tax home of seller
Sale of real property	Where the property is located
Scholarships and fellowships	Residence of grantor
Social Security benefits	Residence of payer

IS THE INCOME "EFFECTIVELY CONNECTED" WITH U.S.?

As noted above, the U.S. does not tax **foreign-source** income received by **nonresident** aliens. If income does have a U.S. source, the U.S. taxes it-but at different rates depending on whether it is "effectively connected" with a U.S. trade or business. A nonresident alien who is a student or scholar is considered to be engaged in a U.S. trade or business; studying, teaching, or doing research. Thus, income from such activities

is “effectively connected” with a U.S. trade or business—along with income from other employment that has been authorized by the Immigration and Naturalization Service (INS). Income that is effectively connected must be reported on either Form 1040NR or 1040NR-EZ, and is taxed at the same rates as apply to U.S. citizens and resident aliens.

Income that is **not** effectively connected is treated quite differently. It must be reported on Form 1040NR (it cannot be reported on Form 1040NR-EZ); no deductions can be taken against it; and it is taxed at a flat rate—either 30% or a lower treaty rate.

Most investment income is treated as not effectively connected with a U.S. trade or business. This includes dividends, capital gains, rental income, and interest—with one exception; **bank interest**. Interest received on deposits held in the “banking business” is excluded from nonresident aliens’ income; they need not even report it. (The “banking business” includes commercial banks, mutual savings banks, cooperative banks, credit unions, domestic building and loan associations, and other savings institutions chartered and supervised as savings and loans or similar associations under federal or state law.)

Note that the exemption of bank interest applies only if it is not connected with a U.S. trade or business. Thus the exemption may be lost if a nonresident holds large sums in a bank for the purpose of earning money.

Example 1

Jose is a junior at a state university. He is on an F-1 visa. When he came to the U.S. to study, his parents gave him \$20,000 for expenses. He lent \$5,000 to his cousin, a U.S. resident. His cousin paid him \$1,050 in 2001 (\$1,000 of principal repayment and \$50 interest). He deposited the remaining \$15,000 in the college credit union and earned \$600 interest. The \$50 from his cousin is not from the banking business, nor is it connected to his trade or business (studying). Therefore it must be reported on Form 1040NR, page 4. The \$600 interest from the credit union is excluded from income, but must be listed in Item L of Form 1040NR, page 5. (Jose cannot use Form 1040NR-EZ because of the interest income that he has to report.)

WAGES, SALARIES, AND TIPS

Wages are generally subject to tax withholding by the employer. Upon being hired, an employee files Form W-4 to advise the employer of the employee's status for withholding. Due to the restrictions on deductions that can be claimed by nonresidents, a nonresident should check the "single" box on Form W-4 even if married; and should claim only one withholding allowance—unless the nonresident is from Canada, Mexico, Japan, the Republic of Korea (South Korea), or a student from India. Each nonresident should also use Form W-4 to request the following amounts of additional withholding. These additional amounts are required by law to be withheld from the pay of nonresident aliens to adjust their withholding for their tax liability:

<i>Payroll period</i>	<i>Additional withholding</i>
Weekly	\$ 7.60
Biweekly	15.30
Semimonthly	16.60
Monthly	33.10

Example 2

Sean is temporarily present in the U.S. as a student on a "F" visa, and has permission to work from the INS. His wife and daughter accompanied him to the U.S. He will be paid every two weeks. He should mark Form W-4 as single with one withholding allowance, and request that an additional \$15.30 per pay period be withheld.

Some tax treaties provide for a limited exemption from tax for wages earned while temporarily studying in the U.S. To avoid withholding on wages eligible for such an exemption, a student to whom one of those treaties applies should fill out IRS Form 8233, Exemption From Withholding on Compensation for Independent Personal Services of Nonresident Alien Individual, and give it to the employer in duplicate. A new Form 8233 must be given to the employer each year. Pay earned, but not subject to withholding because of a treaty, is reported on Form 1042-S, which the employer is required to provide by March 15 each year. If a student either fails to give Form 8233 to the employer, or earns more than the treaty exemption amount, federal tax will be withheld and amounts earned will be reported on Form W-2.

Example 3

Assume the same facts as in Example 2. Sean is from Belgium and is entitled to a \$2,000 treaty exemption for wages. He didn't know about Form 8233 and never filed it. He earned \$4,600 during 2001, all of which was reported on Form W-2. Sean will enter \$2,600 (\$4,600 minus the \$2,000 treaty exemption) on Form 1040NR, line 8, or Form 1040NR-EZ, line 3.

INTEREST INCOME

As mentioned earlier, interest paid to a nonresident alien, by an entity in the banking business, is not taxable and is reported only on Form 1040NR, page 5, item L. Many banks erroneously report this income on a Form 1099-INT because they have not been informed that the student or scholar is a nonresident alien. For purposes of Form 1042-S, generally no reporting is required on deposits if the interest is not effectively connected with the conduct of a trade or business in the U.S. But the interest income still needs to be reported on page 5, item L.

DIVIDEND INCOME

If a nonresident alien student or scholar invests in the stock market and receives dividend income, it is not considered effectively connected with the person's trade or business. Thus it must be reported on Form 1040NR, page 4.

REFUND OF STATE AND LOCAL INCOME TAXES

If a student or scholar took an itemized deduction on the 2000 federal tax return for state or local income tax that had been withheld in 2000, and got a refund of any of that withholding in 2001, the refund must be reported on Form 1040NR or 1040NR-EZ for 2001. The student or scholar should receive Form 1099-G from the taxing authority that issued the refund, saying how much refund was issued.

Example 4

Mariko has been in the U.S. since 1999, and filed both federal and state income tax returns in 2000. He had \$75 withheld by the state, which he claimed as an itemized deduction on his Form 1040NR. He owed no state taxes, so the entire \$75 was refunded to him in 2001. Mariko must report the state refund as income on his Form 1040NR for 2001.

SCHOLARSHIPS AND FELLOWSHIPS

Income in the form of a scholarship or fellowship is treated in one of three ways:

- 1. excludable** under the Internal Revenue Code (this is called the Section 117 exclusion);
- 2. exempt** by treaty, or
- 3. taxable.**

Under section 117 of the Internal Revenue Code, a student who is a candidate for a degree may be able to exclude from income some or all amounts received under a “qualified” scholarship. (The same is true of students who are U.S. citizens.) A qualified scholarship is any amount received as a scholarship or fellowship grant, and used for tuition, fees, books, supplies, and equipment that the student is required to buy. Amounts received but used for other purposes, such as room and board or travel, are not excludable.

Some treaties also exempt amounts received as scholarship or fellowship grants. To prevent withholding on the amount of scholarship money that is exempt by treaty, the student must file Form W-8BEN, Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding; with the educational institution or other provider of the scholarship.

SCHOLARSHIP AND FELLOWSHIP GRANT REPORTING BY PAYERS

In previous years, a payer of scholarships and fellowships to foreign individuals was required to issue Form 1042-S to the foreign student by March 15, showing the entire amount of scholarships and fellowships granted. Beginning in tax year 2001, Form 1042-S will report only the potentially taxable amount (i.e., the full amount of the scholarship or fellowship minus any excludible Section 117 amounts). If the grant was

reported on Form 1042-S, enter the amount reported in box 2 **plus** any amounts that the withholding agent did not report on Form 1042-S because they are excluded from tax under Section 117. The withholding agent is required to report on Form 1042-S any amount that is exempt by treaty-even if the student filed Form 1001 to avoid withholding. If the student did not receive either Form 1042-S or Form W-2 reporting the scholarship, then a statement from the college on its letterhead, showing the details of the grant, must be attached to Form 1040NR-(EZ).

Example 5

Daniela received a \$6,000 scholarship from Mountain State University. She used \$4,700 of it for tuition, fees, and books. The other \$1,300 was used for living expenses. The university will issue Form 1042-S for \$1,300; but Daniela must report the entire \$6,000 on either Form 1040NR, line 12 or Form 1040NR-EZ, line 5. She will subtract the \$4,700 on Form 1040NR, line 31 or Form 1040NR-EZ, line 9.

CAPITAL GAIN OR LOSS

This is discussed below, under “Income Not Effectively Connected With a U.S. Trade or Business.”

OTHER INCOME

Any other income received by a nonresident alien student or scholar is generally classified as “not effectively connected with a U.S. trade or business” and reported on Form 1040NR, page 4.

INCOME NOT EFFECTIVELY CONNECTED WITH A U.S. TRADE OR BUSINESS

Dividend Income

If a nonresident alien student or scholar invests in the stock market and receives dividend income, the earnings are not considered to be effectively connected with the student’s trade or business. Therefore, it should be reported on Form 1040NR, page 4. The brokerage firm **should** have reported that income to the taxpayer on Form 1042-S, and have withheld a percentage of it (varying with the taxpayer’s country) for income tax. But if the student or scholar did not tell the brokerage firm

that (s)he is a nonresident alien, it may have been reported on a Form 1099-DIV. If it was, probably nothing will have been withheld from it.

Interest Income

Remember that interest received on deposits held by persons in the banking business is **excluded** from nonresident aliens' income; they need not even report it. (The banking business includes commercial banks, mutual savings banks, cooperative banks, credit unions, domestic building and loan associations, and other savings institutions chartered and supervised as savings and loans or similar associations under federal or state law.)

If a nonresident alien received interest from another source, it must be reported on Form 1040NR, page 4.

Gambling Income

Some international students and scholars are lucky at a racetrack or casino, and receive income from gambling. Such income is not effectively connected with the reason for their visit to the U.S., and must be reported on Form 1040NR, line 79. On the dotted lines after the arrow, the type of income must be specified. The racetrack or casino should report it to the taxpayer on Form 1042-S; but as with dividends, such income may erroneously be reported on Form W-2G.

Capital Gains and Loss

Nonresident alien students and scholars are subject to 30% taxation of their U.S. capital gains, unless a tax treaty allows a lower rate. This should be reported on part 4 of the 1040NR.

Example 6

Nabil, a resident of Iran, entered the U.S. in 1997 on an F-1 visa to study engineering. He invested the money that he brought with him in the stock market. In 2001 he sold some stock to pay tuition and fees. The sale of that stock is reportable on Form 1040NR, page 4, line 84. Any gain is taxable at 30%; any loss is not deductible.

ADJUSTED GROSS INCOME

Nonresident alien students and scholars are allowed some adjustments to their "effectively connected" income. One such adjustment is deduction of student loan interest.

Example 7

Dino came to the U.S. in 1998 for postgraduate study. He borrowed \$1,500 from the college credit union for his last semester's fees and books. Dino graduated in December 2000, but remained in the U.S. for one year of practical training. He began repaying the loan on July 1, 2001 and paid \$45 in interest during 2001. He can deduct that on Form 1040NR, line 25 or Form 1040NR-EZ, line 8.

Another adjustment is the deduction for scholarship and fellowship grants that are excluded from taxation.

Example 8

Assume the same facts as in Example 5. Daniela used \$4,700 of her \$6,000 scholarship for tuition, fees, and books. She will subtract that \$4,700 on Form 1040NR, line 31 or Form 1040NR-EZ, line 9, effectively making only \$1,300 taxable.

ITEMIZED DEDUCTIONS

Nonresident aliens (except those from India) are not permitted to take the standard deduction. Therefore, they must itemize deductions. They are further limited in the type of expenses they can deduct even as itemizers. They can't claim a deduction for medical costs; mortgage interest; or investment interest. Below is a summary of the types of expenses they **can** itemize.

State and Local Taxes

State and local income taxes are fully deductible in the year paid, no matter to which state they were paid. They will normally be listed on the student's or scholar's Form W-2 or 1042S. A student or scholar may also have a cancelled check or receipt for additional state or local income taxes paid during the tax year.

Charitable Contributions

Nonresidents can deduct charitable contributions to U.S. charities and nonprofit organizations. Those generally include religious, charitable, educational, scientific, and literary organizations; and organizations that work to prevent cruelty to children or animals.

Contributions made directly to a foreign organization are not deductible. But contributions made to a U.S. organization that transfers funds to a foreign organization may be deductible. To be deductible, the U.S. organization must control use of the funds.

If a contribution exceeds \$250, the student or scholar must have a receipt for it. Also, if the student or scholar benefited from making the contribution, the deduction will be limited.

Casualty or Theft Loss

Nonresident students and scholars can deduct losses from fire, storm, shipwreck, or other casualty, or theft of property, if the property was located in the U.S. at the time of the loss.

The loss is limited to the lower of (1) the decline in the fair market value of the property or (2) the cost of the property. The loss must be reduced by any insurance or other compensation received. If the property was covered by insurance, a loss cannot be claimed unless a timely insurance claim was filed.

The first \$100 of a loss is not deductible. A nonresident's loss is further limited to 10% of his or her income. These limitations are reflected in Form 4868, Casualty and Thefts.

Job Expenses

Students and scholars can deduct their job expenses such as:

- unreimbursed travel costs required for the job;
- union dues;
- safety equipment;
- small tools;
- dues to professional organizations; and
- subscriptions to trade journals.

These deductions are subject to a limit: only the amount over 2% of adjusted gross income can be deducted.

Educational Costs as Itemized Deductions

Most students **cannot** deduct the cost of their education from taxable income. Educational costs are deductible only by a person who has already worked in the field being studied, and only if the current studies will not prepare the person for a new line of work. For more information see Publication 508, Educational Expenses.

If a student's course of study is less than a year, and his or her educational expenses are deductible, the student can treat the education as a business trip and deduct costs of transportation, meals, and lodging.

Most students will receive a Form 1098T from their school. The purpose of this form is to substantiate that the recipient was a student during the year. Further, the form can be used to provide information for possible education credits. Non-resident aliens are not entitled to any of the educational credits and do not need to do anything with Form 1098T.

Example 9

Richard comes to the U.S. as a student on a J-1 visa to attend a 3-month course on advanced radiology techniques in cardiac care. While in the U.S., he will work part-time in a hospital since he is already a licensed, practicing cardiac radiologist. The hospital will pay him \$5,000 per month. Richard paid \$1,890 to fly here from England. He rented an apartment for \$800 per month. He spends about \$20 a day for food. His course cost \$1,600. His books cost \$250, and he had to pay a university fee of \$40.

Richard will report wages of \$15,000 on his Form 1040NR. He can deduct all his travel, lodging, food, tuition, books, and fees as itemized employee business expenses.

INSTRUCTIONS FOR FORM 1040NR-EZ

INFORMATION SECTION

It is advisable to have the student or scholar complete the top section of the form, although you can provide guidance. Remind the filer about the importance of listing his or her name in the exact order it appears on the Social Security card or ITIN letter. A filer must have either an SSN or an ITIN to file this form. A student or scholar who does not have one of those numbers must apply for one. The tax return cannot be filed without one of those numbers—even if getting one delays filing until after the deadline.

FILING STATUS

As discussed earlier, generally the only two filing statuses available to nonresident aliens are single and married filing separately. If the student is married, the “married nonresident alien” box must be marked—even if the spouse is not in this country.

NOTE:

★★★★★★★★★
This comprehensive example was prepared in accordance with the 2000 instructions for Form 1040NR. Before assisting taxpayers, please review the current year instructions.

WAGES

The amount to list on the wage line should be computed as follows:

	Amount in box 1 of Form W-2
plus:	Code 18 income in box 2 of Form 1042-S
plus:	Code 19 income in box 2 of Form 1042-S
minus:	Treaty benefit
equals:	Amount to list on wage line of tax return

Example 1

Choi, a student from China, received a Form 1042-S showing code 19 income of \$5,000. Choi also received a W-2 with \$3,900 in box 1. Choi would report \$3,900 on the wage line, calculated as follows.

Form W-2, box 1	3,900
Plus: Code 19 Income	5,000
Less: Treaty benefit	5,000

Example 2

Christiane, from Germany, worked part of the year at the local university in California. She gave the university the Form 8233 and they properly applied her treaty benefit. In August she moved to Illinois and began the fall semester at the local university. She also gave this university a Form 8233. The Illinois university was not aware that Christiane had already exempted part of her income in California. At the end of the year, Christiane's taxable wages are calculated as follows:

W-2 California university	\$ 380
1042-S Code 19 California university	5,000
W-2 Illinois university	1,685
1042-S Code 19 Illinois university	5,000
Total wages	12,065
Allowable treaty benefit	5,000
Taxable wages	\$ 7,065

Most likely, Christiane will have a significant balance due on her tax return. The only income from which money was withheld was the \$2,065 reported on her Forms W-2. If she had filed the correct paperwork at both universities, she would have had tax withheld on \$7,065.

TAXABLE REFUNDS OF STATE AND LOCAL TAXES

Students, except from India, may have received taxable refunds of state and/or local taxes. Remember that nonresident students, except from India, and must itemize their deductions. This can include state and local income taxes paid.

They deduct the full amount of the taxes in the year in which they are paid or withheld. If they get a refund of part of those taxes they must include the refund in their return filed the next year. Students from India are allowed a standard deduction, therefore, do not include the amount of their state or local tax refund in taxable income.

Example 3

Arthur from England had \$348 of state income tax withheld in 2000. His total income was \$5,800 in 2000. The deduction of his state income taxes helped reduce his taxable income, as illustrated below.

Wages	\$5,800
Personal exemption	2,800
State income tax	348
Taxable income	\$2,652

He received a \$22 state income tax refund in 2001 on his 2000 state return. That \$22 must be listed as income on his 2001 federal return.

Example 4

Sari from India had \$269 of state income tax withheld in 2000. On her federal return for 2000 she claimed the standard deduction; thus she did not get to deduct her state income tax.

In 2001 she received a \$56 state income tax refund from her 2000 state return. She does not have to include this refund on her federal return for 2001, because she claimed a standard deduction in 2000 and did not receive a deduction for the state income tax.

Example 5

Alexander from Russia earned \$2,643 in 2000. He had \$189 withheld for state income taxes. Even though he listed the taxes as a deduction on his federal return for 2000, they did not help lower his taxable income for 2000. The personal exemption of \$2,800 was more than enough to lower his taxable income to zero.

Alexander received a state refund of \$34 in 2001. He would not include this on his 2001 federal return because he did not receive any tax benefit from his state income tax deduction.

SCHOLARSHIP AND FELLOWSHIP GRANTS

Nonresident alien students must report all scholarships they receive for room and board and living expenses that are not exempted by their treaty. Scholarships that cover only tuition, books, and fees are not reported. Scholarships from outside the U.S. are not reported either.

If the student uses part of a reportable scholarship to pay for tuition, books, fees or supplies, (s)he can deduct those expenses on Form 1040NR-EZ, line 9.

Example 6

Emmanuel from New Zealand received the following scholarships:

Tuition waiver	\$3,600
Science Scholar Scholarship	2,000
Abbott Scholarship	1,000
Merrill Scholarship	1,000

Emmanuel is not required to report the tuition waiver on his tax return. He must report the other \$4,000 of scholarships. He spent \$750 on books and \$250 on required fees other than health insurance. (The fee for health insurance is not a deductible fee even if the school requires it.) He can take a deduction of \$1,000 on line 9. He will have to attach a written statement showing how he arrived at this amount.

STUDENT LOAN INTEREST DEDUCTION

Many foreign students and scholars incur interest charges while temporarily in the U.S. However, very few of their interest charges are tax-deductible. The only type of interest they can deduct is qualified student loan interest. All of the following conditions must be met for interest to be qualified student loan interest:

1. the interest must have been paid during the tax year;
2. the interest repayment must have been required to be paid;
3. the interest must be paid during the first 60 months of required repayment;
4. filing status must be single;
5. modified adjusted gross income must be under \$55,000;
6. the loan must have been issued to pay for educational expenses; and
7. the recipient of the loan must be at least a half-time student

ITEMIZED DEDUCTIONS

The only allowable itemized deduction on Form 1040NR-EZ is the state and local income tax deduction. If a student or scholar has any other deductions, and they would help lower taxable income, Form 1040NR should be filed instead of 1040NR-EZ. Students from India can take the standard deduction on either form.

PERSONAL EXEMPTIONS

All taxpayers who complete Form 1040NR-EZ are entitled to claim a personal exemption for themselves unless they are being claimed as a dependent on another U.S. income tax return. Students and scholars who are eligible to claim family members must file Form 1040NR. The personal exemption for tax year 2001 is \$2,900.

TAX

If a positive number is on line 14, the student or scholar has some income subject to tax. Since all of the income on Form 1040NR-EZ is considered “effectively connected” income, you can use the standard tax tables to determine the correct amount of tax. Be sure to use only the “married filing separate” column for married students.

SOCIAL SECURITY AND MEDICARE TAX ON TIP INCOME

Students and scholars are exempt from the Social Security and Medicare tax as long as they are nonresidents. Therefore they will not have an entry on Form 1040NR-EZ, line 16. But a nonresident with a J-2 visa is liable for these taxes, and must complete line 16 if (s)he worked for tips and has not paid the full amount of the Social Security and Medicare taxes. This is an advanced issue, so you may prefer to let a tax professional handle it.

FEDERAL INCOME TAX WITHHELD

A student or scholar may have federal income tax withholding listed in one of two places: Form W-2, box 2 and Form 1042-S, column g. If a student or scholar has income from more than one state, add all the federal withholding amounts together.

ESTIMATED TAX AND OVERPAYMENT FROM PRIOR YEAR

For most students and scholars, this line will be blank. Very few nonresidents make estimated tax payments, especially if their only income is from wages and scholarships (all that is allowed on Form 1040NR-EZ). Also, very few of them elect to have their refunds applied to next year's taxes. If a student or scholar had either of those types of payments, list the amount on line 19.

CREDIT FOR AMOUNT PAID WITH FORM 1040-C

When leaving the U.S., a nonresident alien must generally show proof of tax compliance. This requires an alien clearance form (commonly called a "sailing permit") from the IRS. To get one, the nonresident must show a copy of the most recent tax return. A nonresident who states no intention to return to the U.S. must complete Form 1040-C, which serves as an intermediate return to show whether the alien owes any tax to the U.S. at departure. If money is owed, it must be paid before departing. But visitors on F, J, M, and Q visas are not required to get "sailing permits." Thus they do not file a Form 1040-C. Therefore, Form 1040NR-EZ, line 20 is generally left blank for international students and scholars.

Where to report information on International Visitor returns

Item	1040NR-EZ		1040NR		8843	
	Page	Line	Page	Line	Page	Line
Wages, salaries, tips not exempt by treaty	1	3	1	8		
Wages, salaries, tips exempt by treaty	1	6	1	22		
	2	J	5	M		
Certain U.S. interest income not subject to tax			5	L		
Other interest income			4	71		
Dividends			4	70		
Taxable refunds of state/local income tax	1	4	1	11		
Total scholarship minus amount exempt by treaty	1	5	1	12		
Student loan interest deduction	1	8	1	25		
Scholarship amount exempt by treaty	1	9	1	22		
	2	J	5	M		
Scholarship amount used for qualified expenses	1	9	1	31		
Itemized deductions (usually only state and local income tax) if taxpayer is not from India			3	1		
	1	11	2	35		
Itemized deductions if taxpayer is from India—standard deduction allowed			3	3		
	1	11	2	35		
Other income, for example, gambling			4	79		
Visa type and number	2	D	5	D	1	1
Country which issued passport	2	A	5	A	1	3
Date first entered U.S.	2	E	5	E		
Number of days in U.S. in prior years	2	H	5	H	1	4

Comprehensive Example


Wei Wu, a citizen of the **People's Republic of China**, is temporarily in the United States as a graduate student on an **F-1** visa at Hometown University. He has resided continuously in the United States since his arrival on **8-15-98**. **His wife and young child** have accompanied him to the U.S. on **F-2** visas. He received a **\$10,000 fellowship** to pursue his degree in computer science. Wei filed his Form 8233 with the university during the first week of January. He spent **\$7,100 on tuition, fees, and supplies required by the university**. The remaining **\$2,900** was used for **living expenses**. As part of his degree completion, he was required to serve as a teaching assistant in an undergraduate class for which he received **\$2,000**. Wei also earned **\$3,500** working part time in the computer lab troubleshooting hardware problems and helping other students. Wei will be paid every two weeks by the university. He claimed single with one withholding allowance and requested an additional \$15.30 per pay period withheld. Wei Wu's **father's employer in China** sent him **\$1,000** to help with his expenses. This still did not cover all his living costs, therefore, because of economic hardship, he has INS permission to work off campus. He worked part-time at a local Oriental restaurant as an assistant manager where he **earned \$5,400.00**. One evening he and a group of friends went to a casino where Wei **won \$3,000 from a slot machine**. Wei has filed a 1040NR(EZ) every year that he has been here. On his 2000 tax return he claimed **an itemized deduction of \$100.00** for the state income tax that had been withheld. He did not have a state tax liability. Wei and his wife have a checking account and earned **\$25.00** interest.

Form 1042-S Department of the Treasury Internal Revenue Service		Foreign Person's U.S. Source Income Subject to Withholding				2001		OMB No. 1545-0096 Copy B for Recipient	
		<input type="checkbox"/> VOID		<input type="checkbox"/> CORRECTED		<input type="checkbox"/> PRO-RATA BASIS REPORTING			
1 Income code 15	2 Gross income 2900.00	3 Withholding allowances	4 Net income 2900.00	5 Tax rate 0	6 Exemption code 04	7 U.S. Federal tax withheld	8 Amount repaid to recipient		
9 Withholding agent's EIN ▶ 33-3333333				14 Recipient's U.S. TIN, if any ▶ 123-45-6789					
<input checked="" type="checkbox"/> EIN <input type="checkbox"/> QI-EIN				<input checked="" type="checkbox"/> SSN or ITIN <input type="checkbox"/> EIN <input type="checkbox"/> QI-EIN					
10 WITHHOLDING AGENT'S name and address (including ZIP code) Hometown University #8 University Avenue Smileyberg, KS 67201				15 Recipient's country of residence for tax purposes Peoples Republic of China			16 Country code CH		
				17 NONQUALIFIED INTERMEDIARY'S (NQI's)/ FLOW-THROUGH ENTITY'S name			18 Country code		
11 Recipient's account number (optional)				12 Recipient code 01					
				19 NQI's/Flow-through entity's address					
				20 NQI's/Flow-through entity's TIN, if any ▶					
				21 PAYER'S name and TIN (if different from withholding agent's)					
				22 State income tax withheld 0		23 Payer's state tax no. K6333-33333		24 Name of state KS	

Form 1042-S (2001)


Form 1042-S Department of the Treasury Internal Revenue Service		Foreign Person's U.S. Source Income Subject to Withholding				2001		OMB No. 1545-0096 Copy B for Recipient	
		<input type="checkbox"/> VOID		<input type="checkbox"/> CORRECTED		<input type="checkbox"/> PRO-RATA BASIS REPORTING			
1 Income code 19	2 Gross income 5000.00	3 Withholding allowances	4 Net income 5000.00	5 Tax rate 0	6 Exemption code 04	7 U.S. Federal tax withheld	8 Amount repaid to recipient		
9 Withholding agent's EIN ▶ 33-3333333				14 Recipient's U.S. TIN, if any ▶ 123-45-6789					
<input checked="" type="checkbox"/> EIN <input type="checkbox"/> QI-EIN				<input checked="" type="checkbox"/> SSN or ITIN <input type="checkbox"/> EIN <input type="checkbox"/> QI-EIN					
10 WITHHOLDING AGENT'S name and address (including ZIP code) Hometown University #8 University Avenue Smileyberg, KS 67201				15 Recipient's country of residence for tax purposes Peoples Republic of China			16 Country code CH		
				17 NONQUALIFIED INTERMEDIARY'S (NQI's)/ FLOW-THROUGH ENTITY'S name			18 Country code		
11 Recipient's account number (optional)				12 Recipient code 01					
				19 NQI's/Flow-through entity's address					
				20 NQI's/Flow-through entity's TIN, if any ▶					
				21 PAYER'S name and TIN (if different from withholding agent's)					
				22 State income tax withheld 0		23 Payer's state tax no. K6333-33333		24 Name of state KS	

Form 1042-S (2001)

a Control number		OMB No. 1545-0008		Safe, accurate, FAST! Use 		Visit the IRS Web Site at www.irs.gov .	
b Employer identification number 33-3333333				1 Wages, tips, other compensation 500.00		2 Federal income tax withheld 45.90	
c Employer's name, address, and ZIP code Hometown University #8 University Avenue Smileyberg, KS 67201				3 Social security wages 0		4 Social security tax withheld 0	
				5 Medicare wages and tips 0		6 Medicare tax withheld 0	
				7 Social security tips		8 Allocated tips	
				9 Advance EIC payment		10 Dependent care benefits	
d Employee's social security number 123-45-6789				11 Nonqualified plans		12a See instructions for box 12	
e Employee's first name and initial Last name Wei Wu 34 Happy Street Smileyberg, KS 67299				13 Statutory employee Retirement plan Third-party sick pay <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		12b	
				14 Other		12c	
						12d	
f Employee's address and ZIP code				15 State Employer's state ID number KS KS6333-33333		16 State wages, tips, etc. 500.00	
				17 State income tax 5.00		18 Local wages, tips, etc.	
						19 Local income tax	
						20 Locality name	

Form W-2 Wage and Tax Statement **2001** Department of the Treasury—Internal Revenue Service

Copy B To Be Filed with Employee's FEDERAL Tax Return.
This information is being furnished to the Internal Revenue Service.

a Control number		OMB No. 1545-0008		Safe, accurate, FAST! Use 		Visit the IRS Web Site at www.irs.gov .	
b Employer identification number 33-4444444				1 Wages, tips, other compensation 5400.00		2 Federal income tax withheld 660.00	
c Employer's name, address, and ZIP code Chinese Super Buffet 765 Western Avenue Big City, KS 67301				3 Social security wages 0		4 Social security tax withheld 0	
				5 Medicare wages and tips 0		6 Medicare tax withheld 0	
				7 Social security tips		8 Allocated tips	
				9 Advance EIC payment		10 Dependent care benefits	
d Employee's social security number 123-45-6789				11 Nonqualified plans		12a See instructions for box 12	
e Employee's first name and initial Last name Wei Wu 34 Happy Street Smileyberg, KS 67299				13 Statutory employee Retirement plan Third-party sick pay <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		12b	
				14 Other		12c	
						12d	
f Employee's address and ZIP code				15 State Employer's state ID number KS KS6334-44444		16 State wages, tips, etc. 54000.00	
				17 State income tax 66.00		18 Local wages, tips, etc.	
						19 Local income tax	
						20 Locality name	

Form W-2 Wage and Tax Statement **2001** Department of the Treasury—Internal Revenue Service

Copy B To Be Filed with Employee's FEDERAL Tax Return.
This information is being furnished to the Internal Revenue Service.

<input type="checkbox"/> CORRECTED (if checked)		OMB No. 1545-0238	
PAYER'S name, address, ZIP code, Federal identification number, and telephone number	1 Gross winnings	2 Federal income tax withheld	
	3 Type of wager	4 Date won	
	5 Transaction	6 Race	
	7 Winnings from identical wagers	8 Cashier	
WINNER'S name, address (including apt. no.), and ZIP code	9 Winner's taxpayer identification no.	10 Window	
	11 First I.D.	12 Second I.D.	
	13 State/Payer's state identification no.	14 State income tax withheld	
Under penalties of perjury, I declare that, to the best of my knowledge and belief, the name, address, and taxpayer identification number that I have furnished correctly identify me as the recipient of this payment and any payments from identical wagers, and that no other person is entitled to any part of these payments.		<p>This information is being furnished to the Internal Revenue Service.</p> <p>Copy B Report this income on your Federal tax return. If this form shows Federal income tax withheld in box 2, attach this copy to your return.</p>	
Signature ►		Date ►	
Form W-2G		Department of the Treasury - Internal Revenue Service	

The casino employee did not ask Wei if he is a U.S. citizen or resident and erroneously issued him a W-2G for his winnings. W-2G is not the correct reporting form, but is often used in error. Regular gambling withholding does not apply to winnings from slot machines for U.S. citizens or resident aliens. Unfortunately, if there has been gambling winnings, they may be reported incorrectly, but they must be shown correctly on the tax return. We will be using this incorrect W-2G for this example.

Form 1042-S		Foreign Person's U.S. Source Income Subject to Withholding				OMB No. 1545-0096	
Department of the Treasury Internal Revenue Service		<input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED <input type="checkbox"/> PRO-RATA BASIS REPORTING				2001 Copy B for Recipient	
1 Income code 28	2 Gross income 3000.00	3 Withholding allowances	4 Net income 3000.00	5 Tax rate 30.00	6 Exemption code	7 U.S. Federal tax withheld 900.00	8 Amount repaid to recipient
9 Withholding agent's EIN ► 99-8765432 <input checked="" type="checkbox"/> EIN <input type="checkbox"/> QI-EIN				14 Recipient's U.S. TIN, if any ► 123-45-6789 <input checked="" type="checkbox"/> SSN or ITIN <input type="checkbox"/> EIN <input type="checkbox"/> QI-EIN			
10 WITHHOLDING AGENT'S name and address (including ZIP code) Indian Casino Kansa Indian Reservation Kansa, KS 67999				15 Recipient's country of residence for tax purposes Peoples Republic of China		16 Country code CH	
				17 NONQUALIFIED INTERMEDIARY'S (NQI's)/ FLOW-THROUGH ENTITY'S name		18 Country code	
				19 NQI's/Flow-through entity's address			
11 Recipient's account number (optional)			12 Recipient code 01				
13 RECIPIENT'S name (first name, initial, and last name), street address, city or town, province or state, and country (including postal code) Wei Wu 34 Happy Street Smileyberg, KS 67299				20 NQI's/Flow-through entity's TIN, if any ►			
				21 PAYER'S name and TIN (if different from withholding agent's)			
				22 State income tax withheld 90.00		23 Payer's state tax no. Indian Casino	
				24 Name of state KS			

This is the correct way to report the gambling winnings but is NOT the way it was reported. Therefore, for our example, the incorrect W2-G will be used to complete the return.

☐ CORRECTED (if checked)

PAYER'S name, street address, city, state, ZIP code, and telephone no. Hometown University Credit Union 250 University Avenue Smileyberg, KS 67201		Payer's RTN (optional)	OMB No. 1545-0112 2001 Form 1099-INT	Interest Income
PAYER'S Federal identification number 99-6789123	RECIPIENT'S identification number 123-45-6789	1 Interest income not included in box 3 \$ 25.00		
RECIPIENT'S name Wei Wu		2 Early withdrawal penalty \$	3 Interest on U.S. Savings Bonds and Treas. obligations \$	Copy B For Recipient This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.
Street address (including apt. no.) 34 Happy Street		4 Federal income tax withheld \$	5 Investment expenses \$	
City, state, and ZIP code Smileyberg, KS 67299		6 Foreign tax paid \$	7 Foreign country or U.S. possession	
Account number (optional)				

Form **1099-INT** (Keep for your records.) Department of the Treasury - Internal Revenue Service

☐ CORRECTED (if checked)

PAYER'S name, street address, city, state, ZIP code, and telephone no. Kansas Department of Revenue 915 SW Harrison Topeka, KS 66401		1 Unemployment compensation \$	OMB No. 1545-0120 2001 Form 1099-G	Certain Government and Qualified State Tuition Program Payments
PAYER'S Federal identification number 53-1234567	RECIPIENT'S identification number 123-45-6789	2 State or local income tax refunds, credits, or offsets \$ 100.00	3 Box 2 amount is for tax year	
RECIPIENT'S name Wei Wu		5 Qualified state tuition program earnings \$	4 Federal income tax withheld \$	Copy B For Recipient This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.
Street address (including apt. no.) 34 Happy Street		6 Taxable grants \$	7 Agriculture payments \$	
City, state, and ZIP code Smileyberg, KS 67299		8 The amount in box 2 applies to income from a trade or business <input type="checkbox"/>		
Account number (optional)				

Form **1099-G** (Keep for your records.) Department of the Treasury - Internal Revenue Service

Now that we have all the necessary documents, it is time to categorize the income. Generally, there will not be this many documents or sources of income, but it is possible.

<i>Type</i>	<i>Amount</i>	<i>Source</i>	<i>Effectively or Not Effectively Connected</i>	<i>Excludible?</i>
Teaching Ass't wages	2,000	U.S.	Effectively	Yes, Treaty
Computer Lab wages	3,500	U.S.	Effectively	Partial treaty
Restaurant wages	5,400	U.S.	Effectively	No
Fellowship	10,000	U.S.	Effectively	Sec. 117 & Treaty
Father's Employer	1,000	Foreign		Yes
Gambling	3,000	U.S.	Not Effectively	No
St.Tax Refund	100	U.S.	Effectively	No
Bank Interest	25	U.S.		Yes

Comprehensive Example Illustrated

Wei has received a total of \$10,900 in wages (2,000, 3,500, and 5,400). He filed a Form 8233 with the university advising them that his first \$5,000 of wages is exempt by treaty. The 1040-S was issued for \$5,000 (2,000 teaching assistant and 3,000 computer lab). The instructions for line 8 state that only wages **not** exempted under a tax treaty should be on this line. Therefore only \$5,900 will be entered (500 computer lab and 5,400 restaurant).

The \$5,000 that is exempt by treaty is reported on line 22 and on page 5, Item M.

Wei received \$25.00 in interest income from his checking account but it is reported only on page 5, item L

Remember: The interest income received from persons in the banking business is not included in income.

Wei claimed an itemized deduction of \$100 for the state income tax that was withheld in 2000, and since he had no state tax liability all of it was refunded.

Wei received a fellowship grant for \$10,000. The university is required to report only that portion of it which is **not** used for tuition, fees, and books. Therefore, the 1042-S reports only \$2,900. The 1040NR requires that the entire amount of the scholarship or fellowship be reported on line 12. The amount of Sec. 117 will be deducted on line 31. Wei will have to tell you the total amount of the grant.

According to the China treaty there is no limit to the amount of scholarship income that is exempt by treaty. The form instructions state that grants exempt by treaty are not to be reported on line 12. Therefore, only the amount that is not taxable because of Sec. 117 is entered on lines 12 and 31. The \$2,900 will be reported on line 22 and on page 5, Item M along with any other income exempt by treaty.

Note: In this example the student received scholarship income of \$10,000. It would be correct to leave lines 12 and 31 blank and consider the entire \$10,000 as being exempt by treaty. In that case, the amounts would be:

Line 12	0
Line 22	15,000
Line 23	6,000
Line 31	0
Line 32	0
Line 33	6,000

The net effect is the same either way. However, since the university reported the \$2,900,00 as potentially taxable income it is probably better as shown.

Form **1040NR**
Department of the Treasury
Internal Revenue Service

U.S. Nonresident Alien Income Tax Return

For the year January 1–December 31, 2000, or other tax year

OMB No. 1545-0089

2000

Please print or type.	Your first name and initial Wei	Last name Wu	Identifying number (see page 5 of inst.) 123-45-6789
	Present home address (number, street, and apt. no., or rural route). If you have a P.O. box, see page 5. 34 Happy St.		Check if: <input checked="" type="checkbox"/> Individual <input type="checkbox"/> Estate or Trust
	City, town or post office, state, and ZIP code. If you have a foreign address, see page 5. Smileyberg, KS 67299		For Disclosure and Paperwork Reduction Act Notice, see page 18.
	Country U.S.	Of what country were you a citizen or national during the tax year? PRC	
	Give address outside the United States to which you want any refund check mailed. If same as above, write "Same." Same		Give address in the country where you are a permanent resident . If same as above, write "Same." Parents' Address

Filing Status and Exemptions for Individuals (See page 6.)		7a	7b
Filing status. Check only one box (1–6 below).		Yourself	Spouse
1	<input type="checkbox"/> Single resident of Canada or Mexico, or a single U.S. national		
2	<input type="checkbox"/> Other single nonresident alien		
3	<input type="checkbox"/> Married resident of Canada or Mexico, or a married U.S. national		
4	<input type="checkbox"/> Married resident of Japan or the Republic of Korea		
5	<input checked="" type="checkbox"/> Other married nonresident alien	1	
6	<input type="checkbox"/> Qualifying widow(er) with dependent child (year spouse died). (See page 6.)		

Caution: Do not check box 7a if your parent (or someone else) can claim you as a dependent. Do not check box 7b if your spouse had any U.S. gross income.

7c Dependents:		(2) Dependent's identifying number	(3) Dependent's relationship to you	(4) <input checked="" type="checkbox"/> if qualifying child for child tax credit (see page 6)
(1) First name	Last name			<input type="checkbox"/>
				<input type="checkbox"/>
				<input type="checkbox"/>
				<input type="checkbox"/>

No. of boxes checked on 7a and 7b **1**
No. of your children on 7c who:
*lived with you
**did not live with you due to divorce or separation
**Dependents on 7c not entered above
Add numbers entered on lines above **1**

*Applies generally only to residents of Canada, Mexico, Japan, and the Republic of Korea and to U.S. nationals. (See page 6.)

**Applies generally only to residents of Canada and Mexico and to U.S. nationals. (See page 6.)

d Total number of exemptions claimed

Income Effectively Connected With U.S. Trade/Business		Adjusted Gross Income	
8	Wages, salaries, tips, etc. Attach Form(s) W-2	8	5,900 00
9a	Taxable interest	9a	
b	Tax-exempt interest. Do not include on line 9a	9b	
10	Ordinary dividends	10	
11	Taxable refunds, credits, or offsets of state and local income taxes (see page 7)	11	100 00
12	Scholarship and fellowship grants. Attach explanation (see page 7)	12	7,100 00
13	Business income or (loss). Attach Schedule C or C-EZ (Form 1040)	13	
14	Capital gain or (loss). Attach Schedule D (Form 1040) if required. If not required, check here <input type="checkbox"/>	14	
15	Other gains or (losses). Attach Form 4797	15	
16a	Total IRA distributions	16a	
16b	Taxable amount (see page 7)	16b	
17a	Total pensions and annuities	17a	
17b	Taxable amount (see page 8)	17b	
18	Rental real estate, royalties, partnerships, trusts, etc. Attach Schedule E (Form 1040)	18	
19	Farm income or (loss). Attach Schedule F (Form 1040)	19	
20	Unemployment compensation	20	
21	Other income. List type and amount (see page 9)	21	
22	Total income exempt by a treaty from page 5, Item M	22	7,900 00
23	Add lines 8, 9a, 10–15, 16b, and 17b–21. This is your total effectively connected income	23	13,100 00
24	IRA deduction (see page 9)	24	
25	Student loan interest deduction (see page 9)	25	
26	Medical savings account deduction. Attach Form 8853	26	
27	Moving expenses. Attach Form 3903	27	
28	Self-employed health insurance deduction (see page 10)	28	
29	Self-employed SEP, SIMPLE, and qualified plans	29	
30	Penalty on early withdrawal of savings	30	
31	Scholarship and fellowship grants excluded	31	7,100 00
32	Add lines 24 through 31	32	7,100 00
33	Subtract line 32 from line 23. Enter here and on line 34. This is your adjusted gross income	33	6,000 00

Form 1040NR (2000)

Page **2**

Tax and Credits	34	Amount from line 33 (adjusted gross income)		34	6000	00
	35	Itemized deductions from page 3, Schedule A, line 17		35	71	00
	36	Subtract line 35 from line 34		36	5929	00
	37	Exemptions (see page 11)		37	2900	00
	38	Taxable income. Subtract line 37 from line 36. If line 37 is more than line 36, enter -0-		38	3029	00
	39	Tax (see page 11). Check if any tax is from a <input type="checkbox"/> Form(s) 8814 b <input type="checkbox"/> Form 4972.		39	454	00
	40	Alternative minimum tax. Attach Form 6251		40		
	41	Add lines 39 and 40		41	454	00
	42	Foreign tax credit. Attach Form 1116 if required	42			
	43	Credit for child and dependent care expenses. Attach Form 2441	43			
Other Taxes	44	Child tax credit (see page 12)	44			
	45	Adoption credit. Attach Form 8839	45			
	46	Other. Check if from a <input type="checkbox"/> Form 3800 b <input type="checkbox"/> Form 8396 c <input type="checkbox"/> Form 8801 d <input type="checkbox"/> Form (specify)	46			
	47	Add lines 42 through 46. These are your total credits	47			
	48	Subtract line 47 from line 41. If line 47 is more than line 41, enter -0-	48	454	00	
	49	Tax on income not effectively connected with a U.S. trade or business from page 4, line 83	49	900	00	
	50	Social security and Medicare tax on tip income not reported to employer. Attach Form 4137	50			
	51	Tax on IRAs, other retirement plans, and MSAs. Attach Form 5329 if required	51			
	52	Transportation tax (see page 13)	52			
	53	Household employment taxes. Attach Schedule H (Form 1040)	53			
Payments	54	Add lines 48 through 53. This is your total tax	54	1354	00	
	55	Federal income tax withheld from Forms W-2, 1099, 1042-S, etc.	55	706	00	
	56	2000 estimated tax payments and amount applied from 1999 return	56			
	57	Excess social security and RRTA tax withheld (see page 13)	57			
	58	Additional child tax credit. Attach Form 8812	58			
	59	Amount paid with Form 4868 (request for extension)	59			
	60	Other payments. Check if from a <input type="checkbox"/> Form 2439 b <input type="checkbox"/> Form 4136	60			
	61	Credit for amount paid with Form 1040-C	61			
	62	U.S. tax withheld at source: a From page 4, line 80 b By partnerships under section 1446 (from Form(s) 8805 or 1042-S)	62a	0	00	
	62b		62b			
Refund	63	U.S. tax withheld on dispositions of U.S. real property interests: a From Form(s) 8288-A b From Form(s) 1042-S	63a			
	63b		63b			
	64	Add lines 55 through 63b. These are your total payments	64	706	00	
	65	If line 64 is more than line 54, subtract line 54 from line 64. This is the amount you overpaid	65			
	66a	Amount of line 65 you want refunded to you . If you want it directly deposited, see page 14 and fill in 66b, c, and d	66a			
	b	Routing number	c	Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings		
	d	Account number				
	67	Amount of line 65 you want applied to your 2001 estimated tax	67			
	Amount You Owe	68	If line 54 is more than line 64, subtract line 64 from line 54. This is the amount you owe . For details on how to pay, including what to write on your payment, see page 14	68	648	00
		69	Estimated tax penalty. Also include on line 68	69		
Sign Here Keep a copy of this return for your records.	Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.					
	Your signature		Your occupation in the United States			
	Date		May the IRS discuss this return with the preparer shown below (see page 17)? <input type="checkbox"/> Yes <input type="checkbox"/> No			
	Preparer's signature		Preparer's SSN or PTIN			
Paid Preparer's Use Only	Firm's name (or yours if self-employed), address, and ZIP code		EIN			
	Phone no.		()			

Form 1040NR (2000)

Form 1040NR (2000)

Page **3****Schedule A—Itemized Deductions** (See pages 14, 15, and 16.)

07

State and Local Income Taxes	1	State income taxes	1	71	00		
	2	Local income taxes	2				
	3	Add lines 1 and 2	3	71	00		
Gifts to U.S. Charities	Caution: If you made a gift and received a benefit in return, see page 15.						
	4	Gifts by cash or check. If you made any gift of \$250 or more, see page 15.	4				
	5	Other than by cash or check. If you made any gift of \$250 or more, see page 15. You must attach Form 8283 if "the amount of your deduction" (see definition on page 15) is more than \$500	5				
	6	Carryover from prior year	6				
	7	Add lines 4 through 6.	7				
Casualty and Theft Losses	8	Casualty or theft loss(es). Attach Form 4684	8				
Job Expenses and Most Other Miscellaneous Deductions	9	Unreimbursed employee expenses—job travel, union dues, job education, etc. You must attach Form 2106 or Form 2106-EZ if required. See page 15 ▶	9				
	10	Tax preparation fees	10				
	11	Other expenses. See page 16 for expenses to deduct here. List type and amount ▶	11				
	12	Add lines 9 through 11	12				
	13	Enter the amount from Form 1040NR, line 34.	13				
	14	Multiply line 13 by 2% (.02).	14				
	15	Subtract line 14 from line 12. If line 14 is more than line 12, enter -0-	15				
Other Miscellaneous Deductions	16	Other—certain expenses of disabled employees, estate tax on income of decedent, etc. List type and amount ▶	16				
Total Itemized Deductions	17	Is Form 1040NR, line 34, over \$128,950 (over \$64,475 if you checked filing status box 3, 4, or 5 on page 1 of Form 1040NR)? No. Your deduction is not limited. Add the amounts in the far right column for lines 3 through 16. Also enter this amount on Form 1040NR, line 35. Yes. Your deduction may be limited. See page 16 for the amount to enter here and on Form 1040NR, line 35.	17	71	00		

Form **1040NR** (2000)

Form 1040NR (2000)

Page **4****Tax on Income Not Effectively Connected With a U.S. Trade or Business**

Attach Forms 1042-S, SSA-1042S, RRB-1042S, 1001 or similar form.

Nature of income		(a) U.S. tax withheld at source	Enter amount of income under the appropriate rate of tax (see pages 16 and 17)			(e) Other (specify) _____ %
			(b) 10%	(c) 15%	(d) 30%	
70 Dividends paid by:						
a U.S. corporations	70a					
b Foreign corporations	70b					
71 Interest:						
a Mortgage	71a					
b Paid by foreign corporations	71b					
c Other	71c					
72 Industrial royalties (patents, trademarks, etc.)	72					
73 Motion picture or T.V. copyright royalties	73					
74 Other royalties (copyrights, recording, publishing, etc.)	74					
75 Real property income and natural resources royalties	75					
76 Pensions and annuities	76					
77 Social security benefits	77					
78 Gains (include capital gain from line 86 below)	78					
79 Other (specify) ▲ Gambling	79	0 00			3000 00	
80 Total U.S. tax withheld at source. Add column (a) of lines 70a through 79. Enter the total here and on Form 1040NR, line 62a ▲	80	0 00				
81 Add lines 70a through 79 in columns (b)–(e)	81				3000 00	
82 Multiply line 81 by rate of tax at top of each column	82				900 00	
83 Tax on income not effectively connected with a U.S. trade or business. Add columns (b)–(e) of line 82. Enter the total here and on Form 1040NR, line 49 ▲	83					900 00

Capital Gains and Losses From Sales or Exchanges of Property

Enter only the capital gains and losses from property sales or exchanges that are from sources within the United States and not effectively connected with a U.S. business. Do not include a gain or loss on disposing of a U.S. real property interest; report these gains and losses on Schedule D (Form 1040).	84 (a) Kind of property and description (if necessary, attach statement of descriptive details not shown below)	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Sales price	(e) Cost or other basis	(f) LOSS If (e) is more than (d), subtract (d) from (e)	(g) GAIN If (d) is more than (e), subtract (e) from (d)
86 Capital gain. Combine columns (f) and (g) of line 85. Enter the net gain here and on line 78 above (if a loss, enter -0-) ▲							86

Form **1040NR** (2000)

Form 1040NR (2000)

Page 5

Other Information (If an item does not apply to you, enter "N/A.")**A** What country issued your passport? China**B** Were you ever a U.S. citizen? ☐ Yes ☒ No**C** Give the purpose of your visit to the United States ▶
Study**D** Type of entry visa and visa number ▶ F1-77777777
..... and type of current visa and date
of change ▶ Same**E** Date you first entered the United States ▶ 8-15-98**F** Did you give up your permanent residence as an immigrant in the United States this year? ☐ Yes ☒ No**G** Dates you entered and left the United States during the year. Residents of Canada or Mexico entering and leaving the United States at frequent intervals, give name of country only. ▶ None**H** Give number of days (including vacation and nonwork days) you were present in the United States during:
1998 365, 1999 366, and 2000 365**I** If you are a resident of Canada, Mexico, Japan, or the Republic of Korea, or a U.S. national, did your spouse contribute to the support of any child claimed on Form 1040NR, line 7c? ☐ Yes ☒ No
If "Yes," enter amount ▶ \$.....

If you were a resident of Japan or the Republic of Korea for any part of the tax year, enter in the space below your total foreign source income not effectively connected with a U.S. trade or business. This information is needed so that the exemption for your spouse and dependents residing in the United States (if applicable) may be allowed in accordance with Article 4 of the income tax treaties between the United States and Japan or the United States and the Republic of Korea.

Total foreign source income not effectively connected with a U.S. trade or business ▶ \$.....

J Did you file a U.S. income tax return for any year before 2000? ☒ Yes ☐ No
If "Yes," give the latest year and form number ▶
2000-1040NR-EZ**K** To which Internal Revenue office did you pay any amounts claimed on Form 1040NR, lines 56, 59, and 61?**L** Have you excluded any gross income other than foreign source income not effectively connected with a U.S. trade or business? . ☒ Yes ☐ No

If "Yes," show the amount, nature, and source of the excluded income. Also, give the reason it was excluded. (Do not include amounts shown in item M.) ▶
\$25 bank interest

M If you are claiming the benefits of a U.S. income tax treaty with a foreign country, give the following information. See page 17 for additional information.• Country ▶ China

• Type and amount of effectively connected income exempt from tax. Also, identify the applicable tax treaty article. Do not enter exempt income on lines 8-15, 16b, and 17b-21 of Form 1040NR:

For 2000 (also, include this exempt income on line 22 of Form 1040NR) ▶

\$2,900—Article 20(b)\$5,000—Article 20(c)

For 1999 ▶

\$2,000—Article 20(b)\$5,000—Article 20(c)

• Type and amount of income not effectively connected that is exempt from or subject to a reduced rate of tax. Also, identify the applicable tax treaty article:

For 2000 ▶

N/A

For 1999 ▶

N/A• Were you subject to tax in that country on any of the income you claim is entitled to the treaty benefits? ☐ Yes ☒ No• Did you have a permanent establishment or fixed base (as defined by the tax treaty) in the United States at any time during 2000? ☐ Yes ☒ No**N** If you file this return to report community income, give your spouse's name, address, and identifying number.N/A**O** If you file this return for a trust, does the trust have a U.S. business? ☐ Yes ☒ No
If "Yes," give name and address ▶**P** Is this an "expatriation return" (see page 17)? ☐ Yes ☒ No

If "Yes," you must attach Form 8854 or attach an explanation as to why you are not submitting that form.

Q During 2000, did you apply for, or take other affirmative steps to apply for, lawful permanent resident status in the United States or have an application pending to adjust your status to that of a lawful permanent resident of the United States? ☐ Yes ☒ No

If "Yes," explain ▶



Form 1040NR (2000)

STUDENT NOTES

Any alien who excludes days of presence from the “substantial presence” test must file Form 8843. This applies to many of the international students and scholars you will be assisting. This form allows the U.S. to do a census of international visitors.

Even a student or scholar who had no income must still file Form 8843. Form 8843 must be filed for every family member who is in the U.S. on an F-2 or J-2 visa. There is no monetary penalty for failure to file, but failure can jeopardize later residency status.

Generally, students complete Parts 1 and 3 of Form 8843, and scholars complete Parts 1 and 2. The VITA program does not deal with Parts 4 or 5 of the form. Professional athletes and people with medical conditions should be referred to paid preparers.

Form 8843 asks for information on why the student or scholar is in this country. Information on the student’s educational institution is also requested. Most of the information needed is self-explanatory. Some tips on completing the form are given below.

- When listing the name on the top portion of the form, be careful to list the family name and personal name in the correct places. Appendix B can help you understand how naming customs vary by country.
- The space for taxpayer identification number should be filled in if the alien has either a Social Security number or an individual tax identification number (ITIN). If the alien has neither kind of number, this area can be left blank.
- The address area should be completed only if the alien is filing this form by itself. If the alien is filing the form along with a tax return, the address section need not be completed.
- Questions 1a and 1b often confuse students and scholars. Students and scholars may enter the U.S. on F-2 visas, then change to F-1 immigration status. But unless they leave the U.S., they will not actually have F-1 visas. What questions 1a and 1b really ask is what immigration status they are in. Also, there is not complete agreement on what number to use as the “visa number.” The best practice is to use the red number from the visa.
- Question 2 asks for country of citizenship. Some countries allow dual citizenship, so the student or scholar may be a citizen of more than one country. The country listed on this line should be the foreign country with which the filer has the closest connection.

- Question 3 asks for the country that issued the passport and the passport number. Some passports are in foreign languages. Ask the student or scholar to help you interpret the passport.
- Questions 4a and 4b ask the number of days that the student or scholar spent in the U.S. Some students and scholars may ask you if they actually have to count the days. The answer is yes. In many cases, the answer to question 4a for the current year will also be the answer to 4b.
- Questions 5 and 6 are for scholars, teachers, and trainees. These questions ask about the academic institution these persons “attended” and about the director of their academic program. They often think this means where they went to school and attended classes. Since most of them did not attend any classes during the year, they leave the question blank. Another way to word the question would be: “At what academic institution were you employed or trained during the year?” If they were at more than one place, report the most recent place.
- Question 7 asks for the visa type held during the year. Again, this may confuse scholars because their immigration status may have changed during the year although they do not have a new visa. If the status changes during the year, you need to attach an explanation. The explanation can be handwritten on plain paper.
- Question 8 is self-explanatory.

Exercise 1:

Using the blank form on the next page, prepare a Form 8843 for Dr. Wolfgang Marzolf from Germany. He will be filing a Form 1040NR also. His address in his home country, where he is a citizen, is 34 Spiegelstrasse, 21144 Hamburg, Germany. He is visiting on a J-1 visa as a guest professor at the University of Higher Learning, 426 Main Street, Anytown, IL 60000. He works under the direction of Dr. Friederich Heilreich at the same address. Dr. Heilreich’s phone number is (999) 555-5555. Dr. Marzolf has a Social Security number (350-55-5555) and did not change immigration status during the year. His visa number is X65269743. His German passport number is 97415826. He arrived on August 16, 2001 and has not left the U.S. or changed immigration status since then. He had never been to the U.S. before.

Form **8843**

Statement for Exempt Individuals and Individuals With a Medical Condition

For use by alien individuals only.

OMB No. 1545-1411

2001Department of the Treasury
Internal Revenue ServiceFor the year January 1—December 31, 2001, or other tax year
beginning , 2001, and ending , 20 .Attachment
Sequence No. **102**

Your first name and initial

Last name

Your U.S. taxpayer identification number, if any

**Fill in your
addresses only if
you are filing this
form by itself and
not with your tax
return**

Address in country of residence

Address in the United States

Part I General Information

- 1a** Enter the type of U.S. visa (e.g., F, J, M, etc.) and visa number, if any, you held during 2001 and the date it was acquired ►
- b** If the type of visa you held during 2001 changed, enter the new visa type and the date it was acquired ►
- 2** Of what country were you a citizen during the tax year?
- 3a** What country issued you a passport?
- b** Enter your passport number ►
- 4a** Enter the actual number of days you were present in the United States during:
2001 _____ 2000 _____ 1999 _____
- b** Enter the number of days in 2001 you claim you can exclude for purposes of the substantial presence test ►

Part II Teachers and Trainees

- 5** Enter the name, address, and telephone number of the academic institution you attended during 2001 ►
- 6** Enter the name, address, and telephone number of the director of the academic or other specialized program you participated in during 2001 ►
- 7** Enter the type of U.S. visa (J or Q) you held during: ► 1995 _____ 1996 _____
1997 _____ 1998 _____ 1999 _____ 2000 _____. If the type of visa you held during any
of these years changed, attach a statement showing the new visa type and the date it was acquired.
- 8** Were you present in the United States as a teacher, trainee, or student for any part of 2 of the 6 prior
calendar years (1995 through 2000)? ☐ Yes ☐ No
If you checked the "Yes" box on line 8, you cannot exclude days of presence as a teacher or trainee unless you meet the
Exception explained on page 3.

Part III Students

- 9** Enter the name, address, and telephone number of the academic institution you attended during 2001 ►
- 10** Enter the name, address, and telephone number of the director of the academic or other specialized program you participated in during 2001 ►
- 11** Enter the type of U.S. visa (F, J, M, or Q) you held during: ► 1995 _____ 1996 _____
1997 _____ 1998 _____ 1999 _____ 2000 _____. If the type of visa you held during any
of these years changed, attach a statement showing the new visa type and the date it was acquired.
- 12** Were you present in the United States as a teacher, trainee, or student for any part of more than 5 calendar
years? ☐ Yes ☐ No
If you checked the "Yes" box on line 12, you must provide sufficient facts on an attached statement to establish that you do
not intend to reside permanently in the United States.
- 13** During 2001, did you apply for, or take other affirmative steps to apply for, lawful permanent resident
status in the United States or have an application pending to change your status to that of a lawful
permanent resident of the United States? ☐ Yes ☐ No
- 14** If you checked the "Yes" box on line 13, explain ►

- Question 9 asks students to enter the identifying information for their academic institution. A student who attended more than one institution during the year should give the information on the one being attended at the end of the year.
- Question 10 asks students about the director of the academic program they are enrolled in. This should be someone the IRS can contact if necessary to verify that the student was present at the school. Students can list the foreign student advisor if necessary.
- Question 11 asks the type of visa held during each of the last 6 years. If the visa type has changed, a note explaining the change must be attached to the form.
- Question 12 is self-explanatory.
- Questions 13 and 14 ask whether the student has taken any steps to become a permanent resident of the U.S. This information is needed to determine whether the student is still entitled to treaty benefits.

Exercise 2:

Daniel Beregovoy, a citizen of Switzerland, has come to the U.S. on an F-1 visa to attend State College, 80 East Broadway, Springfield, MO 64033. His academic director is Dr. Small. Dr. Small uses the same address as the college. His phone number is (999) 444-4444. Daniel's home address is 73 Rue de le Boulanger, Genève, CH (Switzerland). His address in the U.S. is 324 East Broadway, Springfield, MO 64033. He had never been to the U.S. before arriving here on July 13, 2001. His Social Security number is 344-44-4444, and he had no income during 2001. His visa number is 17318842. His passport number is 2674130984.

Below is an example of a VISA. The VISA number is on the bottom right corner

VISA image t/k

Form **8843**

**Statement for Exempt Individuals and Individuals
With a Medical Condition**
For use by alien individuals only.

OMB No. 1545-1411

2001Department of the Treasury
Internal Revenue Service

beginning

For the year January 1—December 31, 2001, or other tax year
, 2001, and ending

, 20

Attachment
Sequence No. **102**

Your first name and initial

Last name

Your U.S. taxpayer identification number, if any

**Fill in your
addresses only if
you are filing this
form by itself and
not with your tax
return**

Address in country of residence

Address in the United States

Part I General Information

- 1a** Enter the type of U.S. visa (e.g., F, J, M, etc.) and visa number, if any, you held during 2001 and the date it was acquired ►
- b** If the type of visa you held during 2001 changed, enter the new visa type and the date it was acquired ►
- 2** Of what country were you a citizen during the tax year?
- 3a** What country issued you a passport?
- b** Enter your passport number ►
- 4a** Enter the actual number of days you were present in the United States during:
2001 _____ 2000 _____ 1999 _____
- b** Enter the number of days in 2001 you claim you can exclude for purposes of the substantial presence test ►

Part II Teachers and Trainees

- 5** Enter the name, address, and telephone number of the academic institution you attended during 2001 ►
- 6** Enter the name, address, and telephone number of the director of the academic or other specialized program you participated in during 2001 ►
- 7** Enter the type of U.S. visa (J or Q) you held during: ► 1995 _____ 1996 _____
1997 _____ 1998 _____ 1999 _____ 2000 _____. If the type of visa you held during any
of these years changed, attach a statement showing the new visa type and the date it was acquired.
- 8** Were you present in the United States as a teacher, trainee, or student for any part of 2 of the 6 prior
calendar years (1995 through 2000)? ☐ Yes ☐ No
If you checked the "Yes" box on line 8, you cannot exclude days of presence as a teacher or trainee unless you meet the
Exception explained on page 3.

Part III Students

- 9** Enter the name, address, and telephone number of the academic institution you attended during 2001 ►
- 10** Enter the name, address, and telephone number of the director of the academic or other specialized program you participated in during 2001 ►
- 11** Enter the type of U.S. visa (F, J, M, or Q) you held during: ► 1995 _____ 1996 _____
1997 _____ 1998 _____ 1999 _____ 2000 _____. If the type of visa you held during any
of these years changed, attach a statement showing the new visa type and the date it was acquired.
- 12** Were you present in the United States as a teacher, trainee, or student for any part of more than 5 calendar
years? ☐ Yes ☐ No
If you checked the "Yes" box on line 12, you must provide sufficient facts on an attached statement to establish that you do
not intend to reside permanently in the United States.
- 13** During 2001, did you apply for, or take other affirmative steps to apply for, lawful permanent resident
status in the United States or have an application pending to change your status to that of a lawful
permanent resident of the United States? ☐ Yes ☐ No
- 14** If you checked the "Yes" box on line 13, explain ►

Canadian Students and Form 8843

Canadian students need to complete Form 8843 as long as they are exempt individuals. If a Canadian resident does not have a visa, you should use the information from either Form I-20 or IAP-66 to complete Form 8843.

Form 8843 Department of the Treasury Internal Revenue Service	Statement for Exempt Individuals and Individuals With a Medical Condition For use by alien individuals only. For the year January 1—December 31, 2001, or other tax year beginning _____, 2001, and ending _____, 20____.	OMB No. 1545-1411 <div style="font-size: 2em; font-weight: bold; text-align: center;">2001</div> Attachment Sequence No. 102
Your first name and initial Wolfgang	Last name Marzolf	Your U.S. taxpayer identification number, if any 350-55-5555
Fill in your addresses only if you are filing this form by itself and not with your tax return	Address in country of residence	Address in the United States

Part I General Information

- 1a** Enter the type of U.S. visa (e.g., F, J, M, etc.) and visa number, if any, you held during 2001 and the date it was acquired ► J-1 X652897431917B
- b** If the type of visa you held during 2001 changed, enter the new visa type and the date it was acquired ► _____
- 2** Of what country were you a citizen during the tax year? Germany
- 3a** What country issued you a passport? Germany
- b** Enter your passport number ► 97415826
- 4a** Enter the actual number of days you were present in the United States during:
 2001 137 2000 0 1999 0
- b** Enter the number of days in 2001 you claim you can exclude for purposes of the substantial presence test ► _____

Part II Teachers and Trainees

- 5** Enter the name, address, and telephone number of the academic institution you attended during 2001 ►
University of Higher Learning, 426 Main St., Anytown, IL 60000
(999)555-5555
- 6** Enter the name, address, and telephone number of the director of the academic or other specialized program you participated in during 2001 ►
Dr. Friedrich Heilreich, 426 Main St., Anytown, IL 60000
(999)555-5555
- 7** Enter the type of U.S. visa (J or Q) you held during: ►
 1995 N/A 1996 N/A
 1997 N/A 1998 N/A 1999 N/A 2000 N/A . If the type of visa you held during any of these years changed, attach a statement showing the new visa type and the date it was acquired.
- 8** Were you present in the United States as a teacher, trainee, or student for any part of 2 of the 6 prior calendar years (1995 through 2000)? ☐ Yes ☒ No
 If you checked the "Yes" box on line 8, you cannot exclude days of presence as a teacher or trainee unless you meet the **Exception** explained on page 3.

Part III Students

- 9** Enter the name, address, and telephone number of the academic institution you attended during 2001 ► _____
- 10** Enter the name, address, and telephone number of the director of the academic or other specialized program you participated in during 2001 ► _____
- 11** Enter the type of U.S. visa (F, J, M, or Q) you held during: ►
 1995 _____ 1996 _____
 1997 _____ 1998 _____ 1999 _____ 2000 _____ . If the type of visa you held during any of these years changed, attach a statement showing the new visa type and the date it was acquired.
- 12** Were you present in the United States as a teacher, trainee, or student for any part of more than 5 calendar years? ☐ Yes ☐ No
 If you checked the "Yes" box on line 12, you must provide sufficient facts on an attached statement to establish that you do not intend to reside permanently in the United States.
- 13** During 2001, did you apply for, or take other affirmative steps to apply for, lawful permanent resident status in the United States or have an application pending to change your status to that of a lawful permanent resident of the United States? ☐ Yes ☐ No
- 14** If you checked the "Yes" box on line 13, explain ► _____

Form **8843**

Statement for Exempt Individuals and Individuals With a Medical Condition

For use by alien individuals only.

OMB No. 1545-1411

2001Department of the Treasury
Internal Revenue Service

beginning

For the year January 1—December 31, 2001, or other tax year
, 2001, and ending

, 20

Attachment
Sequence No. **102**

Your first name and initial

Daniel

Last name

Beregovoy

Your U.S. taxpayer identification number, if any

344-44-4444

Fill in your
addresses only if
you are filing this
form by itself and
not with your tax
return

Address in country of residence

73 Rue de le Boulanger
Genève, CH (Switzerland)

Address in the United States

324 East Broadway
Springfield, MO 64033

Part I General Information

- 1a** Enter the type of U.S. visa (e.g., F, J, M, etc.) and visa number, if any, you held during 2001 and the date it was acquired ► F-1 17318842
- b** If the type of visa you held during 2001 changed, enter the new visa type and the date it was acquired ►
- 2** Of what country were you a citizen during the tax year? Switzerland
- 3a** What country issued you a passport? Switzerland
- b** Enter your passport number ► 2674130984
- 4a** Enter the actual number of days you were present in the United States during:
2001 171 2000 0 1999 0
- b** Enter the number of days in 2001 you claim you can exclude for purposes of the substantial presence test ►

Part II Teachers and Trainees

- 5** Enter the name, address, and telephone number of the academic institution you attended during 2001 ►
- 6** Enter the name, address, and telephone number of the director of the academic or other specialized program you participated in during 2001 ►
- 7** Enter the type of U.S. visa (J or Q) you held during: ► 1995 _____ 1996 _____
1997 _____ 1998 _____ 1999 _____ 2000 _____. If the type of visa you held during any
of these years changed, attach a statement showing the new visa type and the date it was acquired.
- 8** Were you present in the United States as a teacher, trainee, or student for any part of 2 of the 6 prior
calendar years (1995 through 2000)? ☐ Yes ☐ No
If you checked the "Yes" box on line 8, you cannot exclude days of presence as a teacher or trainee unless you meet the
Exception explained on page 3.

Part III Students

- 9** Enter the name, address, and telephone number of the academic institution you attended during 2001 ►
State College, 80 East Broadway, Springfield, MO 64033
- 10** Enter the name, address, and telephone number of the director of the academic or other specialized program you participated in during 2001 ► Dr. Small (499) 444-4444
- 11** Enter the type of U.S. visa (F, J, M, or Q) you held during: ► 1995 none 1996 none
1997 none 1998 none 1999 none 2000 none. If the type of visa you held during any
of these years changed, attach a statement showing the new visa type and the date it was acquired.
- 12** Were you present in the United States as a teacher, trainee, or student for any part of more than 5 calendar
years? ☐ Yes ☒ No
If you checked the "Yes" box on line 12, you must provide sufficient facts on an attached statement to establish that you do
not intend to reside permanently in the United States.
- 13** During 2001, did you apply for, or take other affirmative steps to apply for, lawful permanent resident
status in the United States or have an application pending to change your status to that of a lawful
permanent resident of the United States? ☐ Yes ☒ No
- 14** If you checked the "Yes" box on line 13, explain ►

STUDENT NOTES

FINISHING THE RETURN

This lesson covers the final steps in finishing the return. They include signing, assembling the return, information about a refund and amount owed, consideration of estimated tax paid and withholding, and the importance of doing a quality review of the return. At the end of the lesson are line-by-line instructions for Form 1040NR-EZ.

GENERAL ISSUES

The following points apply to both Forms 1040NR and 1040NR-EZ.

Identification Numbers

Every individual return filed with the IRS must show a Tax Identification Number. This can be either a Social Security Number (SSN) or an Individual Tax Identification Number (ITIN). Every dependent listed on the return must also have a Tax Identification Number.

The Social Security Administration issues Social Security numbers to U.S. citizens, and to aliens who have work authorization. Any person who is eligible for a Social Security Number (SSN) should apply for one. Anyone else who needs an identification number should file Form W-7 with the IRS as soon as (s)he becomes aware of the requirement to do so. More information on the W-7 filing process is in Lesson 4.

Form 8843 does not require an identification number. A student or scholar who is not required to file any other return does not need an identification number to file Form 8843.

Taxpayer Identification Section

The taxpayer identification section should be completed after the return is finished. Often, this will save you time because after you begin preparing a 1040NR-EZ, you may realize that the taxpayer should actually file a Form 1040NR or 1040 instead. If so, you can avoid filling out the taxpayer identification section again.

Some students and scholars will already have completed the taxpayer identification section, and need your assistance only on the other parts of the return. You can use a form they have started, but it is wise to have correction fluid available while preparing a return.

A taxpayer who received a package of forms mailed by the IRS should have a label that can be used in the identification section. Make sure that information of the label is correct before attaching it to the return.

Other Information

Nonresident returns contain a section asking for information very similar to that requested on Form 8843. While this may seem repetitive, it is necessary to complete this section.

Please pay close attention to the section that asks the type and amount of income that is exempt from tax. You need to provide both the amount excluded **and** the treaty article number that allows its exclusion. Failure to complete this section fully could cause the return to be sent back to the student or scholar.

Signing the Return

Make sure the taxpayer signs and dates the return before mailing. An unsigned return cannot be processed and will be sent back to the taxpayer. You should put the VITA designation in the preparer's section of the return.

Assembling the Return

Make sure that all forms, schedules, and attachments show the taxpayer's name and Social Security number. Attach forms and schedules behind the Form 1040NR or 1040NR-EZ. Attach Forms W-2 and 1042S to the left margin of the front page. If any Form 1099 indicates income withholding, attach it to the return also.

Direct Deposit

Many students and scholars prefer the direct deposit option for their refunds. If the student or scholar prefers direct deposit, complete the direct deposit information section of the return. The following examples will help you determine what information to use.

Xu Chung 123 College Street Collegetown, IL 60000	1234 15-000000000
_____ 20 _____	
PAY TO THE ORDER OF _____	\$ _____
_____ DOLLARS	
COLLEGETOWN BANK Collegetown, IL 60000	
For _____	
: 250250025 : 20202086 1234	

The “routing number” for Xu Chung is 250250025. The “account number” is 20202086. Do not include the check number (which in this example is 1234).

Sometimes students and scholars want their refunds deposited to a savings account. They often have a small paper card issued by the bank that contains the necessary information.

Collegetown Bank Instant Savings Account
Collegetown, IL 60000

The best way to save for a rainy day! Get your account today!

250250025:/// 203621:///

In this case, the routing number is 250250025 and the account number is 203621.

PAYMENT OPTIONS

Some students and scholars owe money with their tax return. This usually is due to insufficient withholding from wages. Nonresidents have the same payment options as citizens:

1. They can pay the entire balance by the due date for the return.
2. They can pay by credit card.
3. They can ask for an installment agreement.

You should explain to filers that interest, and any applicable penalties, will continue to accrue until they have paid the full amount due. Also, remind them not to send cash through the mail. Personal checks, cashiers' checks, and money orders are acceptable ways to pay.

ESTIMATED TAX

Estimated tax is an amount the taxpayer expects to owe for the next year, even after federal withholding. In other words, it is the amount the taxpayer expects to have to pay when filing a return in the spring of 2002.

Any student or scholar who expects to owe over \$1,000 on the tax return due next year must make estimated tax payments. For further information see IRS Publication 505, Tax Withholding and Estimated Tax.

QUALITY REVIEW

The last step of the return should be quality review. Use the checklist below to help you determine whether the return is properly completed.

►► QUALITY REVIEW CHECKLIST ◀◀

- ▶ Are the name, address, and Social Security number correct?
- ▶ Is the Social Security number written to the right of the label?
- ▶ Is the filing status correct? Is the box marked?
- ▶ Are any allowable dependents properly listed?
- ▶ Are the dependents' identification numbers written correctly?
- ▶ Are income items correctly transferred from Form W-2, Form 1042S, and Form 1099?
- ▶ Is all income reported? Be sure to include any gambling winnings and stock sales.
- ▶ Is the itemized deduction line completed accurately?
- ▶ Are the correct number of dependents claimed?
- ▶ If the taxpayer was eligible for any credits, have they been computed correctly?
- ▶ Does the amount of tax reported as withheld agree with the amounts listed on the Forms W-2 and 1042S? Did you include any withholding shown on Form 1099?
- ▶ Is the overpayment (balance due) computed correctly?
- ▶ Did you use a calculator to check your math?
- ▶ Is the return signed?
- ▶ Are all Forms W-2 and 1042S, as well as schedules and forms, attached to the return?
- ▶ Is the volunteer designation on the return?

SOCIAL SECURITY TAX

LESSON 8

Social Security and Medicare Tax Liability

An exemption from Social Security and Medicare taxes applies to nonimmigrant students, scholars, teachers, researchers, and trainees (including medical interns) who are temporarily present in the U.S. in F-1, J-1, M-1, or Q-1 status. The exemption also applies to any period in which a foreign student is in “practical training” allowed by the INS. Such persons are exempt from Social Security and Medicare taxes as long as they remain **nonresident** aliens for tax purposes. Those who become resident aliens must start paying Social Security and Medicare taxes.

As discussed in Lesson 1, foreign students in F-1, J-1, M-1, or Q-1 nonimmigrant status who have been in the U.S. over 5 years—and foreign scholars, teachers, researchers, trainees, and other non-students in J-1 or Q-1 nonimmigrant status who have been in the U.S. over 2 years—are normally resident aliens. If so, they must pay Social Security and Medicare taxes.

Federal tax regulations state that spouses and dependents of alien students, scholars, trainees, teachers, or researchers, temporarily in the U.S. in F-2, J-2, M-2, or Q-2 status, are **not** exempt from Social Security and Medicare taxes on any wages they earn in the U.S. That is because they did not enter the U.S. for the primary purpose of engaging in study, training, teaching, or research.

As was stated earlier, U.S. immigration law does not allow spouses and dependents in F-2 and M-2 status to be employed in the U.S. But if they are employed in violation of their nonimmigrant status, the IRS imposes both income tax and Social Security and Medicare taxes on their income.

Alien students, scholars, trainees, teachers, or researchers in F-1, J-1, M-1, or Q-1 status who change to a nonimmigrant status other than F-1, J-1, M-1, or Q-1 become liable for Social Security and Medicare taxes—in most cases on the day they change status.

Teachers, trainees, and researchers in H-1b status, and alien nurses in H-1a status, are liable for Social Security and Medicare taxes from the first day of U.S. employment—regardless of whether they are nonresident or resident aliens, and whether or not their wages may be exempt from federal income tax under an income tax treaty.

Foreign scholars, teachers, researchers, or trainees who arrive in the U.S. in O-1 status or TN status (from Canada or Mexico under the NAFTA treaty) are fully liable for U.S. Social Security and Medicare taxes if they are employed by the university, whether they are resident or nonresident aliens.

Self-Employment Tax Liability

The Internal Revenue Code normally imposes “self-employment tax” on any self-employment income of a person in the U.S. But self-employment income of nonresident aliens is exempt from this tax. Again, the exemption is lost if an alien becomes a resident.

As discussed in Lesson 1, foreign scholars, teachers, researchers, trainees and other non-students who enter the U.S. on J-1 or Q-1 visas usually become resident aliens on January 1 of their third calendar year in the U.S.; and foreign students who enter the U.S. on F-1, J-1, M-1, or Q-1 visas usually become resident aliens on January 1 of their sixth calendar year in the U.S.

Note: U.S. immigration law does not authorize nonimmigrants (such as nonresident aliens) to earn self-employment income. Thus, the question of a foreign student’s or scholar’s liability for self-employment tax does not often arise. But if a nonresident violates his or her nonimmigrant status by earning self-employment income, the IRS will impose self-employment tax on it.

GLOSSARY

TAX TERMS RELEVANT TO NONRESIDENTS

Alien: An individual who is not a U.S. citizen

Bona fide Resident: An individual who meets a time requirement (an entire tax year) and certain other factors that indicate “permanent” residence in a country or possession

Exempt Individual: A nonresident alien who is not required to count their days of presence toward the substantial presence test. An exempt individual is **NOT** a person exempt from taxation.

Exempt Status: A period of time when aliens are not required to count their days of presence. Usually 2 years for scholars and 5 years for students.

Foreign National: Citizen of a foreign country

Green Card: A card, not necessarily green, issued by the Immigration and Naturalization Service (INS). This card is proof of lawful permanent residence in the U.S. The INS Form number is I-551, Permanent Resident Card.

Illegal Alien: Person present in the U.S. in violation of the immigration laws, subject to deportation if apprehended by the INS. For tax purposes, an illegal alien must determine if (s)he is considered a resident alien or nonresident alien by applying the substantial presence test.

Individual Taxpayer Identification Number (ITIN): Individuals who are not eligible for a Social Security number (routinely issued only to U.S. citizens, U.S. permanent residents, and nonimmigrants authorized to work) receive the unique nine-digit number from the IRS. The number is used for tax purposes only.

Internal Revenue Service: Also known as the IRS, this is the federal agency responsible for collecting federal income taxes and enforcing tax reporting and collection laws. It is an agency of the U.S. Treasury Department.

Lawful Permanent Resident: One who has been lawfully accorded the privilege of residing permanently in the U.S. as an immigrant in accordance with the immigrations laws. A green card holder.

Nonimmigrant: An individual with a permanent residence abroad and in the U.S. temporarily, as in the case of a foreign student.

Nonresident Alien: A person who is not a U.S. citizen who is present in the U.S. only temporarily.

Passport: Any travel document issued by a competent authority showing the bearer's origin, identity and nationality (if any), which is valid for admission of the bearer into a foreign country.

Resident Alien: An immigrant to the U.S., or a nonimmigrant who meets certain residency requirements or makes a special election to be taxed as a resident.

Social Security: A term that refers to an agency, a card, and two types of tax. The Social Security Administration is an agency of the U.S. Department of Health and Human Services. The card bears a unique nine-digit identification number and is issued to qualified persons, primarily to determine eligibility for benefits earned through employment. The taxes, known as FICA (Federal Insurance Contribution Act) and Medicare, are withheld by employers.

Substantial Presence: The period of time that an alien must be in the U.S. to be considered a resident alien for tax purposes. Normally 183 days; but international students' presence is usually not counted toward the 183-day threshold for 5 years, and international scholar's presence is usually not counted for 2 out of the last 6 years. See Lesson 1).

Treaty: An agreement between two countries. The provisions take precedence over regular tax law.

U.S. National: An individual who, although not a U.S. citizen, owes his/her allegiance to the U.S. U.S. nationals include American Samoans and Northern Mariana Islanders who chose to become U.S. Nationals instead of U.S. citizens.

Visa: A permit issued by a U.S. Embassy or Consulate in a foreign country, allowing a person to apply to the INS to enter the U.S.

IMMIGRATION TERMS

Students and scholars often use Immigration terms to explain to you why they are permitted to work, and may anticipate that you will understand those terms. The glossary below is based on information provided by the Immigration and Naturalization Service (INS).

A

Acquired Citizenship: Citizenship conferred at birth on children born abroad to a U.S. citizen parent(s).

Adoption: See entry for “Orphan.”

Adjustment to Immigrant Status: Procedure allowing certain aliens already in the U.S. to apply for immigrant status. Aliens admitted to the U.S. in a nonimmigrant, refugee, or parolee category may have their status changed to that of lawful permanent resident if they are eligible to receive an immigrant visa and one is immediately available. In such cases, the alien is counted as an immigrant as of the date of adjustment, even though the alien may have been in the U.S. for an extended period of time. Beginning in October 1994, subsection 245(i) of the INA allowed illegal residents who were eligible for immigrant status to remain in the U.S. and adjust to permanent resident status by applying at an INS office and paying an additional penalty fee. Subsection 245(i) is no longer available unless the alien is the beneficiary of a petition under section 204 of the Act or of an application for a labor certification under subsection 212(a)(5)(A), filed before January 15, 1998. Until October 1994, most illegal residents were required to leave the U.S. and acquire a visa abroad from the Department of State (as they are once again).

Agricultural Worker: As a nonimmigrant class of admission, an alien coming temporarily to the U.S. to perform agricultural labor or services, as defined by the Secretary of Labor.

Alien: Any person not a citizen or national of the U.S.

Amerasian Act: Pub. L. 97-359 (Act of October 22, 1982) provides for the immigration to the U.S. of certain Amerasian children. In order to qualify for benefits under this law, an alien must have been born in Cambodia, Korea, Laos, Thailand, or Vietnam after December 31, 1950, and before October 22, 1982, and have been fathered by a U.S. citizen.

Amerasian (Vietnam): Immigrant visas are issued to Amerasians under Pub. L. 100-202 (Act of December 22, 1987), which provides for admission of aliens born in Vietnam after January 1, 1962 and before January 1, 1976, if fathered by a U.S. citizen. Spouses, children, and parents or guardians may accompany the alien.

Application Support Centers: INS Offices fingerprint applicants for immigration benefits. Some INS applications, such as the Application for Naturalization or the Application to Register Permanent Residence or Adjust Status, require the INS to get an FBI fingerprint background check on the applicant. Most applicants who need background checks will be scheduled to appear at a specific Application Support Center (ASC) or Designated Law Enforcement Agency (DLEA) for fingerprinting.

Apprehension: The arrest of a removable alien by the Immigration and Naturalization Service. Each apprehension of the same alien in a fiscal year is counted separately.

Asylee: An alien in the U.S. or at a port of entry who is found to be unable or unwilling to return to his or her country of nationality, or to seek the protection of that country because of persecution or a well-founded fear of persecution. Persecution or the fear thereof must be based on the alien's race, religion, nationality, membership in a particular social group, or political opinion. For persons with no nationality, the country of nationality is considered to be the country in which the alien last habitually resided. Asylees are eligible to adjust to lawful permanent resident status after one year of continuous presence in the U.S. These immigrants are limited to 10,000 adjustments per fiscal year.

B

Beneficiaries: Aliens on whose behalf a U.S. citizen, legal permanent resident, or employer have filed a petition for such aliens to receive immigration benefits from the U.S. Immigration and Naturalization Service. Beneficiaries generally receive a lawful status as a result of their relationship to a U.S. citizen, lawful permanent resident, or U.S. employer.

Border Crosser: An alien resident of the U.S. reentering the country after an absence of less than six months in Canada or Mexico, or a nonresident alien entering the U.S. across the Canadian border for stays of no more than six months or across the Mexican border for stays of no more than 72 hours.

Border Patrol Sector: Any one of 21 geographic areas into which the U.S. is divided for INS Border Patrol activities.

Business Nonimmigrant: An alien coming temporarily to the U.S. to engage in commercial transactions which do not involve gainful employment in the U.S., i.e., engaged in international commerce on behalf of a foreign firm, not employed in the U.S. labor market, and receives no salary from U.S. sources.

Cancellation of Removal: A discretionary benefit adjusting an alien's status from that of deportable alien to one lawfully admitted for permanent residence. Application for cancellation of removal is made during the course of a hearing before an immigration judge.

Certificate of Citizenship: Identity document proving U.S. citizenship. Certificates of citizenship are issued to derivative citizens and to persons who acquired U.S. citizenship (see definitions for Acquired and Derivative Citizenship).

Child: Generally, an unmarried person under 21 who is: a child born in wedlock; a stepchild (provided that the child was under 18 when the marriage creating the stepchild relationship occurred); a legitimated child (provided that the child was legitimated while in the legal custody of the legitimating parent); a child born out of wedlock if a benefit is sought on the basis of its relationship with its mother (or to its father if the father has or had a bona fide relationship with the child); a child adopted while under 16 who since adoption has resided in the legal custody of the adopting parents for at least 2 years; or an orphan, under 16, who has been adopted abroad by a U.S. citizen or has an immediate-relative visa petition submitted in his/her behalf and is coming to the U.S. for adoption by a U.S. citizen.

Country of . . .

Birth: The country in which a person is born.

Chargeability: The independent country to which an immigrant entering under the preference system is accredited for purposes of numerical limitations.

Citizenship: The country in which a person is born (and has not renounced or lost citizenship) or naturalized, and to which that person owes allegiance and by which he or she is entitled to be protected.

Former Allegiance: The previous country of citizenship of a naturalized U.S. citizen or of a person who derived U.S. citizenship.

(Last) Residence: The country in which an alien habitually resided before entering the U.S.

Nationality: The country of a person's citizenship or country in which the person is deemed a national.

Crewman: A foreign national serving in a capacity required for normal operations and service on board a vessel or aircraft. Crewmen are admitted for 29 days, with no extensions. Two categories of crewmen are defined in the INA: D1 (departing from the U.S. with the vessel or aircraft on which he arrived or some other vessel or aircraft) and D2 (departing from Guam with the vessel on which he arrived).

Cuban/Haitian Entrant: Status accorded (1) Cubans who entered illegally or were paroled into the U.S. between April 15, 1980, and October 10, 1980, and (2) Haitians who entered illegally or were paroled into the country before January 1, 1981. Cubans and Haitians meeting these criteria who have continuously resided in the U.S. since before January 1, 1982, and who were known to the INS before that date, may adjust to permanent residence under a provision of the Immigration Control and Reform Act of 1986.

D

Deferred Inspection: See entry for “Parolee.”

Departure Under Safeguards: The departure of an illegal alien from the U.S. which is physically observed by an Immigration and Naturalization Service official.

Deportable Alien: An alien in and admitted to the U.S. subject to any grounds of removal specified in the Immigration and Nationality Act. This includes any alien illegally in the U.S., regardless of whether the alien entered the country by fraud or misrepresentation or entered legally but subsequently violated the terms of his or her nonimmigrant classification or status.

Deportation: The formal removal of an alien from the U.S. when the alien has been found removable for violating the immigration laws. Deportation is ordered by an immigration judge without any punishment being imposed or contemplated. Until April 1997, deportation and exclusion were separate removal procedures. The Illegal Immigration Reform and Immigrant Responsibility Act of 1996 consolidated these procedures. After April 1, 1997, aliens in and admitted to the U.S. may be subject to removal based on deportability.

Derivative Citizenship: Citizenship conveyed to children through the naturalization of parents or, in certain circumstances, to foreign-born children adopted by U.S. citizen parents, provided certain conditions are met.

District: Geographic areas into which the U.S. and its territories are divided for the Immigration and Naturalization Service's field operations or one of three overseas offices located in Rome, Bangkok, and Mexico City. Each District Office, headed by a District Director, has a specified service area that may include part of a state, an entire state, or many states. District Offices are where most INS field staff are located. District Offices are responsible for providing certain immigration services and benefits to people resident in their service area, and for enforcing immigration laws in that jurisdiction. Certain applications are filed directly with District Offices, many kinds of interviews are conducted at these Offices, and INS staff is available to answer questions, provide forms, etc.

Diversity: A category of immigrants replacing the earlier categories for nationals of underrepresented countries and countries adversely "affected" by the Immigration and Nationality Act Amendments of 1965 (Pub. L. 89-236). The annual limit on diversity immigration was 40,000 during fiscal years 1992-94, under a transitional diversity program, and 55,000 beginning in fiscal year 1995, under a permanent diversity program.

Docket Control: The INS mechanism for tracking the case status of potentially removable aliens.

E

Employer Sanctions: The employer sanctions provision of the Immigration Reform and Control Act of 1986 prohibits employers from hiring, recruiting, or referring for a fee aliens known to be unauthorized to work in the U.S. Violators of the law are subject to a series of civil fines for violations or criminal penalties when there is a pattern or practice of violations.

Exchange Visitor: An alien coming temporarily to the U.S. as a participant in a program approved by the Secretary of State for the purpose of teaching, instructing or lecturing, studying, observing, conducting research, consulting, demonstrating special skills, or receiving training.

Exclusion: Before the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, exclusion was the formal term for denial of an alien's entry into the U.S. The decision to exclude an alien was made by an immigration judge after an exclusion hearing. Since April 1, 1997, the process of adjudicating inadmissibility may take place in either an expedited removal process or in removal proceedings before an immigration judge.

Expedited Removal: The Illegal Immigration Reform and Immigrant Responsibility Act of 1996 authorized the INS to quickly remove certain inadmissible aliens from the U.S. The authority covers aliens who are inadmissible because they have no entry documents or because they have used counterfeit, altered, or otherwise fraudulent or improper documents. The authority covers aliens who arrive in, attempt to enter, or have entered the U.S. without having been admitted or paroled by an immigration officer at a port-of-entry. The INS has the authority to order the removal, and the alien is not referred to an immigration judge except under certain circumstances after an alien makes a claim to legal status in the U.S. or demonstrates a credible fear of persecution if returned to his or her home country.

F

Fiance(e)s of U.S. Citizen: A nonimmigrant alien coming to the U.S. to conclude a valid marriage with a U.S. citizen within ninety days after entry.

Files Control Office: An Immigration and Naturalization Service field office—either a district (including INS overseas offices) or a suboffice of that district—where alien case files are maintained and controlled.

Fiscal Year: The twelve-month period beginning October 1 and ending September 30.

Foreign Government Official: As a nonimmigrant class of admission, an alien coming temporarily to the U.S. who has been accredited by a foreign government to function as an ambassador, public minister, career diplomatic or consular officer, other accredited official, or an attendant, servant or personal employee of an accredited official, and all above aliens' spouses and unmarried minor (or dependent) children.

Foreign Information Media Representative: As a nonimmigrant class of admission, an alien coming temporarily to the U.S. as a bona fide representative of foreign press, radio, film, or other foreign information media and the alien's spouse and unmarried minor (or dependent) children.

Foreign State of Chargeability: The independent country to which an immigrant entering under the preference system is accredited. No more than 7% of the family-sponsored and employment-based visas may be issued to natives of any one independent country in a fiscal year. No one dependency of any independent country may receive more than 2% of the family-sponsored and employment-based visas issued. Since these limits are based on visa issuance rather than entries into the U.S., and immigrant visas are valid for 6 months, there is not total correspondence between these two occurrences. Chargeability is usually determined by country of birth. Exceptions are made to prevent the separation of family members when the limitation for the country of birth has been met.

G

General Naturalization Provisions: The basic requirements for naturalization that every applicant must meet, unless a member of a special class. General provisions require an applicant to be at least 18 and a lawful permanent resident with five years of continuous residence in the U.S., have been physically present in the country for half that period, and establish good moral character for at least that period.

Geographic Area of Chargeability: Any of five regions (Africa; East Asia; Latin America and the Caribbean; Near East and South Asia; and the former Soviet Union and Eastern Europe) into which the world is divided for initial admission of refugees to the U.S. Annual consultations between the Executive Branch and the Congress set the ceiling on the number of refugees who can be admitted from each area. Beginning in fiscal year 1987, an unallocated reserve was incorporated into the admission ceilings.

H

Hemispheric Ceilings: Statutory limits on immigration to the U.S. in effect from 1968 to October 1978. Mandated by the Immigration and Nationality Act Amendments of 1965, the ceiling on immigration from the Eastern Hemisphere was set at 170,000, with a per-country limit of 20,000. Immigration from the Western Hemisphere was held to 120,000, without a per-country limit until January 1, 1977. The Western Hemisphere was then made subject to a 20,000 per country limit. Effective October 1978, the separate hemisphere limits were abolished in favor of a worldwide limit.

Immediate Relatives: Certain immigrants who because of their close relationship to U.S. citizens are exempt from the numerical limitations imposed on immigration to the U.S. Immediate relatives are: spouses of citizens, children (under 21 and unmarried) of citizens, and parents of citizens 21 or older.

Immigrant: See entry for “Permanent Resident Alien.”

Immigration Act of 1990: Pub. L. 101-649 (Act of November 29, 1990), which increased the limits on legal immigration to the U.S., revised all grounds for exclusion and deportation, authorized temporary protected status to aliens of designated countries, revised and established new nonimmigrant admission categories, revised and extended the Visa Waiver Pilot Program, and revised naturalization authority and requirements.

Immigration Judge: A lawyer appointed by the Attorney General to act as an administrative judge within the Executive Office for Immigration Review. They are qualified to conduct specified classes of proceedings, including removal proceedings.

INA: See entry for “Immigration and Nationality Act.”

Immigration and Nationality Act (INA): The Act that, along with other immigration laws, treaties, and conventions of the U.S., relates to the immigration, temporary admission, naturalization, and removal of aliens.

Immigration Marriage Fraud Amendments of 1986: Pub. L. 99-639 (Act of November 10, 1986), enacted to deter immigration-related marriage fraud. Its major provision stipulates that aliens deriving their immigrant status based on a marriage of less than two years are conditional immigrants. To remove their conditional status the immigrants must apply at an Immigration and Naturalization Service office during the 90-day period before their second-year anniversary of receiving conditional status. If the aliens cannot show that the marriage through which the status was obtained was and is a valid one, their conditional immigrant status may be terminated and they may become deportable.

Immigration Reform and Control Act (IRCA) of 1986: Pub. L. 99-603 (Act of November 6, 1986), enacted to control and deter illegal immigration to the U.S. Its major provisions stipulate legalization of undocumented aliens who had been continuously unlawfully present since 1982, legalization of certain agricultural workers, sanctions for employers who knowingly hire undocumented workers, and increased enforcement at U.S. borders.

Inadmissible: An alien seeking admission at a port of entry who does not meet the criteria in the INA for admission. The alien may be placed in removal proceedings or, under certain circumstances, allowed to withdraw his or her application for admission.

Industrial Trainee: See entry for “Temporary Worker.”

International Representative: As a nonimmigrant class of admission, an alien coming temporarily to the U.S. as a principal or other accredited representative of a foreign government (whether officially recognized or not recognized by the U.S.) to an international organization, an international organization officer or employee, and all above aliens’ spouses and unmarried minor (or dependent) children.

Intracompany Transferee: An alien, employed for at least one continuous year out of the last three by an international firm or corporation, who seeks to enter the U.S. temporarily in order to continue to work for the same employer, or a subsidiary or affiliate, in a capacity that is primarily managerial, executive, or involves specialized knowledge, and the alien’s spouse and minor unmarried children.

IRCA: See entry for “Immigration Reform and Control Act of 1986.”

L

Labor Certification: Requirement for U.S. employers seeking to employ certain persons whose immigration to the U.S. is based on job skills or nonimmigrant temporary workers coming to perform services for which qualified authorized workers are unavailable in the U.S. Labor certification is issued by the Secretary of Labor and contains attestations by U.S. employers as to the numbers of U.S. workers available to undertake the employment sought by an applicant, and the effect of the alien’s employment on the wages and working conditions of U.S. workers similarly employed. Determination of labor availability in the U.S. is made at the time of a visa application and at the location where the applicant wishes to work.

Legalization Dependents: A maximum of 55,000 visas were issued to spouses and children of aliens legalized under the provisions of the Immigration Reform and Control Act of 1986 in each of fiscal years 1992-94.

Legalized Aliens: Certain illegal aliens who were eligible to apply for temporary resident status under the legalization provision of the Immigration Reform and Control Act of 1986. To be eligible, aliens must have continuously resided in the U.S. in an unlawful status since January 1, 1982, not be excludable, and have entered the U.S. either (1) illegally before January 1, 1982, or (2) as temporary visitors before January 1, 1982, with their authorized stay expiring before that date or with the Government's knowledge of their unlawful status before that date. Legalization consists of two stages--temporary and then permanent residency. In order to adjust to permanent status aliens must have had continuous residence in the U.S., be admissible as an immigrant, and demonstrate at least a minimal understanding and knowledge of the English language and U.S. history and government.

Legitimated: Most countries have legal procedures for natural fathers of children born out of wedlock to acknowledge their children. A legitimated child from any country has two legal parents and cannot qualify as an orphan unless:

1. only one of the parents is living, or
2. both parents have abandoned the child

M

Medical and Legal Parolee: See entry for "Parolee."

Metropolitan Statistical Area (MSA): A core area with a large population, and adjacent communities having a high degree of social and economic integration with the core. MSAs are defined by the U.S. Office of Management and Budget (OMB). MSAs are generally counties (cities and towns in New England) containing at least one city or urbanized area with a population of at least 50,000 and a total metropolitan population of at least 100,000 (75,000 in New England). MSAs of one million or more population may be recognized as Consolidated Metropolitan Statistical Areas (CMSAs). Primary Metropolitan Statistical Areas (PSMAs) are component areas within MSAs. New England County Metropolitan Areas (NECMAs) are the county-based metropolitan alternative of the New England states for the city- and town-based MSAs and CMSAs.

Migrant: A person who leaves his/her country of origin to seek residence in another country.

NACARA: Nicaraguan Adjustment and Central American Relief Act.

National: A person owing permanent allegiance to a state.

NATO Official: As a nonimmigrant class of admission, an alien coming temporarily to the U.S. as a member of the armed forces or as a civilian employed by the armed forces on assignment with a foreign government signatory to NATO (North Atlantic Treaty Organization), and the alien's spouse and unmarried minor (or dependent) children.

Naturalization: The conferring, by any means, of citizenship upon a person after birth.

Naturalization Application: The form used by a lawful permanent resident to apply for U.S. citizenship. The application is filed with the Immigration and Naturalization Service at the Service Center with jurisdiction over the applicant's place of residence.

Nonimmigrant: An alien who seeks temporary entry to the U.S. for a specific purpose. The alien must have a permanent residence abroad (for most classes of admission) and qualify for the nonimmigrant classification sought. The nonimmigrant classifications include: foreign government officials, visitors for business and for pleasure, aliens in transit through the U.S., treaty traders and investors, students, international representatives, temporary workers and trainees, representatives of foreign information media, exchange visitors, fiance(e)s of U.S. citizens, intracompany transferees, NATO officials, religious workers, and some others. Most nonimmigrants can be accompanied or joined by spouses and unmarried minor (or dependent) children.

Nonpreference Category: Nonpreference visas were available to qualified applicants not entitled to a visa under the preferences until the category was eliminated by the Immigration Act of 1990. Nonpreference visas for persons not entitled to the other preferences had not been available since September 1978 because of high demand in the preference categories. An additional 5,000 nonpreference visas were available in each of fiscal years 1987 and 1988 under a provision of the Immigration Reform and Control Act of 1986. This program was extended into 1989, 1990, and 1991 with 15,000 visas issued each year. Aliens born in countries from which immigration was adversely affected by the Immigration and Nationality Act Amendments of 1965 (Pub. L. 89-236) were eligible for the special nonpreference visas.

North American Free-Trade Agreement (NAFTA): Pub. Law 103-182 (Act of December 8, 1993), which on January 1, 1994 superseded the U.S.-Canada Free-Trade Agreement. It continued the special, reciprocal trading relationship between the U.S. and Canada (see entry for “United States-Canada Free-Trade Agreement”) and established a similar relationship with Mexico.

Numerical Limit, Exempt from: Those aliens accorded lawful permanent residence who are exempt from the provisions of the flexible numerical limit of 675,000 set by the Immigration Act of 1990. Exempt categories include immediate relatives of U.S. citizens, refugees, asylees (limited to 10,000 per year by section 209(b) of the Immigration and Nationality Act), Amerasians, aliens adjusted under the legalization provisions of the Immigration Reform and Control Act of 1986, and certain parolees from the former Soviet Union and Indochina.

Nursing Relief Act of 1989: Pub. Law 101-238 (1989) provides for the adjustment to permanent resident status of some nonimmigrants who as of September 1, 1989 had H-1 nonimmigrant status as registered nurses; had been employed in that capacity for at least 3 years; and whose continued nursing employment meets certain labor certification requirements.

0

Occupation: For an alien entering the U.S. or adjusting without a labor certification, occupation refers to the employment held in the country of last legal residence or in the U.S. For an alien with a labor certification, occupation is the employment for which certification has been issued.

Orphan: The Immigration and Nationality Act provides a definition of an orphan for purposes of immigration to the U.S. A child may be considered an orphan due to death or disappearance of, abandonment or desertion by, or separation or loss from both parents. The child of an unwed mother or surviving parent may be considered an orphan if that parent is unable to care for the child properly and has, in writing, irrevocably released the child for emigration and adoption. The child of an unwed mother may be considered an orphan, as long as the mother **does not marry** (which would result in the child’s having a stepfather) and as long as the child’s biological father has not legitimated the child. If the father legitimates the child or the mother marries, the mother is no longer considered a sole parent. The child of a surviving parent may also be an orphan if the surviving parent has **not married** since the death of the other parent (which would result in the child’s having a stepfather or stepmother).

Note: Prospective adoptive parents should be sure that a child fits the definition of “orphan” before adopting a child from another country, because not all children adopted abroad meet the definition of “orphan,” and therefore may not be eligible to immigrate to the U.S.

Out of Wedlock (born out of wedlock): A child born of parents who were not legally married to each other at that time.

Note: Adoptive and prospective adoptive parents of a child who was born out of wedlock in any country should find out whether the child has been legitimated.

P

Panama Canal Act Immigrants: Three categories of special immigrants established by Pub. L. 96-70 (Act of September 27, 1979): (1) certain former employees of the Panama Canal Company or Canal Zone Government, their spouses and accompanying children; (2) certain former employees of the U.S. Government in the Panama Canal Zone who are Panamanian nationals, their spouses and children; and (3) certain former employees of the Panama Canal Company or Canal Zone Government on April 1, 1979, and their spouses and children. The Act provides for admission of a maximum of 15,000 immigrants at a rate no more than 5,000 each year.

Parolee: A parolee is an alien, appearing to be inadmissible to the inspecting officer, allowed into the U.S. for urgent humanitarian reasons or when that alien’s entry is determined to be for significant public benefit. Parole does not constitute a formal admission to the U.S. and confers temporary status only, requiring parolees to leave when the conditions supporting their parole cease to exist. Types of parolees include:

1. *Deferred inspection:* authorized at the port upon alien’s arrival; may be conferred by an immigration inspector when aliens appear at a port of entry with documentation, but after preliminary examination, some question remains about their admissibility which can best be answered at their point of destination.

2. *Advance parole:* authorized at an INS District office in advance of alien’s arrival; may be issued to aliens residing in the U.S. in other than lawful permanent resident status who have an unexpected need to travel and return, and whose conditions of stay do not otherwise allow for readmission to the U.S. if they depart.

3. *Port-of-entry parole*: authorized at the port upon alien's arrival; applies to a wide variety of situations and is used at the discretion of the supervisory immigration inspector, usually to allow short periods of entry. Examples include allowing aliens who could not be issued the necessary documentation within the required time period, or who were otherwise inadmissible, to attend a funeral and permitting the entry of emergency workers, such as fire fighters, to assist with an emergency.

4. *Humanitarian parole*: authorized at INS headquarters or overseas District Offices for "urgent humanitarian reasons" specified in the law. It is used in cases of medical emergency and comparable situations.

5. *Significant Public Benefit Parole*: authorized at INS headquarters **Office of International Affairs** for "significant public benefit" specified in the law. It is generally used for aliens who enter to take part in legal proceedings when there is a benefit to the government. **These requests must be submitted by a law enforcement agency.**

6. *Overseas parole*: authorized at an INS District or suboffice while the alien is still overseas; designed to constitute long-term admission to the U.S. In recent years, most of the aliens the INS has processed through overseas parole have arrived under special legislation or international migration agreements.

Per-Country Limit: The maximum number of family-sponsored and employment-based preference visas that can be issued to citizens of any country in a fiscal year. The limits are calculated each fiscal year depending on the total number of family-sponsored and employment-based visas available. No more than 7% of the visas may be issued to natives of any one independent country in a fiscal year; no more than 2% may be issued to any one dependency of any independent country. The per-country limit does not indicate, however, that a country is entitled to the maximum number of visas each year, just that it cannot receive more than that number. Because of the combined workings of the preference system and per-country limits, most countries do not reach this level of visa issuance.

Permanent Resident Alien: an alien admitted to the U.S. as a lawful permanent resident. Permanent residents are also commonly referred to as immigrants; however, the Immigration and Nationality Act (INA) broadly defines an immigrant as any alien in the U.S., except one legally admitted under specific nonimmigrant categories (INA subsection 101(a)(15)). An illegal alien who entered the U.S. without inspection, for example, would be strictly defined as an immigrant under the INA but is not a permanent resident alien. Lawful permanent residents are legally accorded the privilege of residing permanently in the U.S. They may be issued immigrant visas by the Department of State overseas or adjusted to permanent resident status by the Immigration and Naturalization Service in the U.S.

Port of Entry: Any location in the U.S. or its territories that is designated as a point of entry for aliens and U.S. citizens. All district and files control offices are also considered ports, since they become locations of entry for aliens adjusting to immigrant status.

Pre-inspection: Complete immigration inspection of airport passengers before departure from a foreign country. No further immigration inspection is required upon arrival in the U.S. other than submission of INS Form I-94 for nonimmigrant aliens.

Preference System (until fiscal year 1992): The six categories among which 270,000 immigrant visa numbers were distributed each year during the period 1981-91. This preference system was amended by the Immigration Act of 1990, effective in fiscal year 1992. See entry for "Preference System (Immigration Act of 1990)." The six categories were: (1) unmarried sons and daughters (over age 21) of U.S. citizens (20%); (2) spouses and unmarried sons and daughters of aliens lawfully admitted for permanent residence (26%); (3) members of the professions or persons of exceptional ability in the sciences and arts (10%); (4) married sons and daughters of U.S. citizens (10%); (5) brothers and sisters of U.S. citizens over age 21 (24%); and (6) needed skilled or unskilled workers (10%). A nonpreference category, historically open to immigrants not entitled to a visa number under one of the six preferences just listed, had no numbers available beginning in September 1978.

Preference System (Immigration Act of 1990): The nine categories since fiscal year 1992 among which the family-sponsored and employment-based immigrant preference visas are distributed. The family-sponsored preferences are: (1) unmarried sons and daughters of U.S. citizens; (2) spouses, children, and unmarried sons and daughters of permanent resident aliens; (3) married sons and daughters of U.S. citizens; and (4) brothers and sisters of U.S. citizens. The employment-based preferences are: (1) priority workers (persons of extraordinary ability, outstanding professors and researchers, and certain multinational executives and managers); (2) professionals with advanced degrees or aliens with exceptional ability; (3) skilled workers, professionals (without advanced degrees), and needed unskilled workers; (4) special immigrants; and (5) employment creation immigrants (investors).

Principal Alien: The alien who applies for immigrant status and from whom another alien may derive lawful status under immigration law or regulations (usually spouses and minor unmarried children).

Priority Date: In the INS Immigrant visa petition application process, the priority date is the date the petition was filed. If the alien relative has a priority date on or before the date listed in the visa bulletin, then he or she is currently eligible for a visa.

R

Refugee: Any person who is outside his or her country of nationality who is unable or unwilling to return to that country because of persecution or a well-founded fear of persecution. Persecution or the fear thereof must be based on the alien's race, religion, nationality, membership in a particular social group, or political opinion. People with no nationality must generally be outside their country of last habitual residence to qualify as a refugee. Refugees are subject to ceilings by geographic area set annually by the President in consultation with Congress and are eligible to adjust to lawful permanent resident status after one year of continuous presence in the U.S.

Refugee Approvals: The number of refugees approved for admission to the U.S. during a fiscal year. Immigration and Naturalization Service officers in overseas offices make refugee approvals.

Refugee Arrivals: The number of refugees the Immigration and Naturalization Service initially admits to the U.S. through ports of entry during a fiscal year.

Refugee Authorized Admissions: The maximum number of refugees allowed to enter the U.S. in a given fiscal year. As set forth in the Refugee Act of 1980 (Pub. L. 96-212) the President determines the annual figure after consultations with Congress.

Refugee-Parolee: A qualified applicant for conditional entry, between February 1970 and April 1980, whose application for admission to the U.S. could not be approved because of inadequate numbers of seventh preference visas. As a result, the applicant was paroled into the U.S. under the parole authority granted the Attorney General.

Regional Offices: The three INS Regional Offices that supervise the work of INS Districts and Border Patrol Sectors. The Regional Directors report to the Executive Associate Commissioner for Field Operations in INS Headquarters, Washington, DC. The three Regional Offices are located in (Eastern Region) Burlington, VT, (Central Region) Dallas, TX, and (Western Region) Laguna Nigel, CA.

Registry Date: Aliens who have continuously resided in the U.S. since January 1, 1972, are of good moral character, and are not inadmissible, are eligible to adjust to legal permanent resident status under the registry provision. Before the Immigration Reform and Control Act of 1986 amended the date, aliens had to have been in the country continuously since June 30, 1948, to qualify.

Removal: The expulsion of an alien from the U.S. This expulsion may be based on grounds of inadmissibility or deportability.

Required Departure: See entry for “Voluntary Departure.”

Resettlement: Permanent relocation of refugees in a place outside their country of origin to allow them to establish residence and become productive members of society there. Refugee resettlement is accomplished with the direct assistance of private voluntary agencies working with the Department of Health and Human Services Office of Refugee Resettlement.

S

Safe Haven: Temporary refuge given to migrants who have fled their countries of origin to seek protection or relief from persecution or other hardships, until they can return to their countries safely or, if necessary until they can obtain permanent relief from the conditions they fled.

Service Centers: Four offices established to handle the filing, data entry, and adjudication of certain applications for immigration services and benefits. The applications are mailed to INS Service Centers—Service Centers are not staffed to receive walk-in applications or questions.

Special Agricultural Workers (SAW): Aliens who performed labor in perishable agricultural commodities for a specified period of time and were admitted for temporary and then permanent residence under a provision of the Immigration Reform and Control Act of 1986. Up to 350,000 aliens who worked at least 90 days in each of the 3 years preceding May 1, 1986 were eligible for Group I temporary resident status. Eligible aliens who qualified under this requirement but applied after the 350,000 limit was met and aliens who performed labor in perishable agricultural commodities for at least 90 days during the year ending May 1, 1986 were eligible for Group II temporary resident status. Adjustment to permanent resident status is essentially automatic for both groups; however, aliens in Group I were eligible on December 1, 1989 and those in Group II were eligible one year later on December 1, 1990.

Special Immigrants: Certain categories of immigrants who were exempt from numerical limitation before fiscal year 1992 and subject to limitation under the employment-based fourth preference beginning in 1992; persons who lost citizenship by marriage; persons who lost citizenship by serving in foreign armed forces; ministers of religion and other religious workers, their spouses and children; certain employees and former employees of the U.S. Government abroad, their spouses and children; Panama Canal Act immigrants; certain foreign medical school graduates, their spouses and children; certain retired employees of international organizations, their spouses and children; juvenile court dependents; and certain aliens serving in the U.S. Armed Forces, their spouses and children.

Special Naturalization Provisions: Provisions covering special classes of persons whom may be naturalized even though they do not meet all the general requirements for naturalization. Such special provisions allow: (1) wives or husbands of U.S. citizens to file for naturalization after three years of lawful permanent residence instead of the prescribed five years; (2) a surviving spouse of a U.S. citizen who served in the armed forces to file his or her naturalization application in any district instead of where he/she resides; and (3) children of U.S. citizen parents to be naturalized without meeting certain requirements or taking the oath, if too young to understand the meaning. Other classes of persons who may qualify for special consideration are former U.S. citizens, servicemen, seamen, and employees of organizations promoting U.S. interests abroad.

Sponsor: There are many ways to sponsor an alien. The term “sponsor” in the immigration sense, often means to bring to the U.S. or “petition for”.

Stateless: Having no nationality.

Stowaway: An alien coming to the U.S. surreptitiously on an airplane or vessel without legal status of admission. Such an alien is subject to denial of formal admission and return to the point of embarkation by the transportation carrier.

Student: As a nonimmigrant class of admission, an alien coming temporarily to the U.S. to pursue a full course of study in an approved program in either an academic (college, university, seminary, conservatory, academic high school, elementary school, other institution, or language training program) or a vocational or other recognized nonacademic institution.

Suboffices: Offices found in some Districts that serve a portion of the District’s jurisdiction. A Suboffice, headed by an Officer-in-Charge, provides many services and enforcement functions. Their locations are determined, in part, to increase convenience to INS’ customers.

Subject to the Numerical Limit: Categories of legal immigrants subject to annual limits under the provisions of the flexible numerical limit of 675,000 set by the Immigration Act of 1990. The largest categories are: family-sponsored preferences; employment-based preferences; and diversity immigrants.

T

Temporary Protected Status (TPS): Establishes a legislative basis for allowing a group of persons temporary refuge in the U.S. Under a provision of the Immigration Act of 1990, the Attorney General may designate nationals of a foreign state to be eligible for TPS with a finding that conditions in that country pose a danger to personal safety due to ongoing armed conflict or an environmental disaster. Grants of TPS are initially made for periods of 6 to 18 months and may be extended depending on the situation. Removal proceedings are suspended against aliens while they are in Temporary Protected Status.

Temporary Resident: See entry for “Nonimmigrant.”

Temporary Worker: An alien coming to the U.S. to work for a temporary period. The Immigration Reform and Control Act of 1986 and the Immigration Act of 1990, as well as other acts, revised existing classes and created new classes of nonimmigrant admission. Nonimmigrant temporary worker classes of admission are as follows:

1. *H-1A*: registered nurses (valid October 1, 1990 through September 30, 1995);
2. *H-1B*: workers with “specialty occupations” admitted on the basis of professional education, skills, and/or equivalent experience;
3. *H-1C*: registered nurses to work in areas with a shortage of health professionals under the Nursing Relief for Disadvantaged Areas Act of 1999;
4. *H-2A*: temporary agricultural workers coming to the U.S. to perform agricultural services or labor of a temporary or seasonal nature when authorized workers are unavailable in the U.S.;
5. *H-2B*: temporary non-agricultural workers coming to the U.S. to perform temporary services or labor if unemployed persons capable of performing the service or labor cannot be found in the U.S.;
6. *H-3*: aliens coming temporarily to the U.S. as trainees, other than to receive graduate medical education or training;
7. *O-1, O-2, O-3*: temporary workers with extraordinary ability or achievement in the sciences, arts, education, business, or athletics; those entering solely for the purpose of accompanying and assisting such workers; and their spouses and children;
8. *P-1, P-2, P-3, P-4*: athletes and entertainers at an internationally recognized level of performance; artists and entertainers under a reciprocal exchange program; artists and entertainers under a program that is “culturally unique”; and their spouses and children;
9. *Q-1, Q-2, Q-3*: participants in international cultural exchange programs; participants in the Irish Peace Process Cultural and Training Program; and spouses and children of Irish Peace Process participants; and
10. *R-1, R-2*: temporary workers to perform work in religious occupations and their spouses and children.

See other entries in this Glossary for definitions of “Exchange Visitor,” “Intracompany Transferee,” and “U.S.-Canada or North American Free-Trade Agreement” classes of nonimmigrant admission.

Transit Alien: An alien in immediate and continuous transit through the U.S., with or without a visa, including, (1) aliens who qualify as persons entitled to pass in transit to and from the United Nations Headquarters District and foreign countries and (2) foreign government officials and their spouses and unmarried minor (or dependent) children in transit.

Transition Quarter: The three-month period—July 1 through September 30, 1976—between fiscal year 1976 and fiscal year 1977. At that time, the federal fiscal year changed from July 1–June 30 to October 1–September 30.

Transit Without Visa (TWOV): A transit alien traveling without a nonimmigrant visa under section 233 of the INA. An alien admitted under agreements with a transportation line, which guarantees his immediate and continuous passage to a foreign destination.

Treaty Trader or Investor: As a nonimmigrant class of admission, an alien coming to the U.S., under the provisions of a treaty of commerce and navigation between the U.S. and the foreign state of such alien, to carry on substantial trade or to direct the operations of an enterprise in which he/she has invested a substantial amount of capital, and the alien's spouse and unmarried minor children.

U

Underrepresented Countries, Natives of: The Immigration Amendments of 1988, Pub. L. 101-658 (Act of November 5, 1988) allowed 10,000 visas to be issued to natives of underrepresented countries in each of the two fiscal years 1990 and 1991. Underrepresented countries are defined as countries that received less than 25% of the maximum allowed under the country limitations (20,000 for independent countries and 5,000 for dependencies) in fiscal year 1988.

United States-Canada Free-Trade Agreement: Pub. L. 100-449 (Act of September 28, 1988) established a special, reciprocal trading relationship between the U.S. and Canada. It provided two new classes of nonimmigrant admission for temporary visitors to the U.S.-Canadian citizen business persons, and their spouses and unmarried minor children. Entry is facilitated for visitors seeking classification as visitors for business, treaty traders or investors, intracompany transferees, or other business people engaging in activities at a professional level. Such visitors are not required to obtain nonimmigrant visas, prior petitions, labor certifications, or prior approval but must

satisfy the inspecting officer they are seeking entry to engage in activities at a professional level and that they are so qualified. The United States-Canada Free-Trade Agreement was superseded by the North American Free-Trade Agreement (NAFTA) as of January 1, 1994.

V

Visa Waiver Program: Allows citizens of certain selected countries, traveling temporarily to the U.S. under the nonimmigrant admission classes of visitors for pleasure and visitors for business, to enter the U.S. without obtaining nonimmigrant visas. Admission is for no more than 90 days. The program was instituted by the Immigration Reform and Control Act of 1986 (entries began July 1, 1988). Under the Guam Visa Waiver Program, certain visitors from designated countries may visit Guam only for up to 15 days without first having to obtain nonimmigrant visitor visas.

Voluntary Departure: The departure of an alien from the U.S. without an order of removal. The departure may or may not have been preceded by a hearing before an immigration judge. An alien allowed to voluntarily depart concedes removability but does not have a bar to seeking admission at a port-of-entry at any time. Failure to depart within the time granted results in a fine and a ten-year bar to several forms of relief from deportation.

W

Withdrawal: An arriving alien's voluntary retraction of an application for admission to the U.S. in lieu of a removal hearing before an immigration judge or an expedited removal. Withdrawals are not included in nonimmigrant admission data.

COMMON QUESTIONS AND PROCESSING ISSUES

APPENDIX A

Most international students and scholars will ask you questions if they do not understand what you are telling them. This appendix contains actual questions from students and scholars. Following the questions and answers is a section on most frequent errors.

Where do I mail my tax return? The address you gave me seems incomplete.

You should mail your return to:

*Internal Revenue Service
Philadelphia, PA 19255*

*You do **not** need a street address or building number.*

What type of postage and envelope should I use to mail my tax return?

You can use any envelope to mail your tax return. It is okay to fold the return. You should put the proper postage on the envelope. Generally, you can send 4 or 5 pieces of paper with one First Class (34¢) stamp. You need not use registered or certified mail, but you can if you want to.

I forgot to put my Social Security Number on my return. What should I do? Should I send in another return and put my number on it?

You should wait to see if the IRS sends the return back to you. Often, we can find your number by looking at one of the attachments to your return. Do not send in another tax return.

My wife was on a J-2 visa last year. We filed Form 843 for her but it was rejected. Why?

Form 843 is used by nonresident aliens to claim a refund for Social Security taxes withheld. Not all nonresidents are exempt from Social Security tax. Your wife is not entitled to a refund of her Social Security taxes because she was on a J-2 visa.

My family could not live on my income as an F-1 student, so my wife earned some money. She is an F-2 and was paid \$50 per week to deliver a newspaper to several locations near our house. She did not receive a W-2. She has a 1099-MISC. What should we do now?

For income tax purposes, your wife is considered self-employed. She should file Form 1040NR with Schedule C and pay income and Social Security tax on her earnings. She will also need to file Form 8843. Note that even though she did not have permission from INS to work, she still must file the required tax forms. Since she is F-2 status, she is not entitled to any treaty benefit.

Last year I was in a bad car accident. My insurance did not cover the damages. I had to pay \$789 to get my car fixed. This was a lot of money to me because I earned only \$5,000 last year. Where can I deduct this?

Casualty losses are deductible if you file Form 1040NR. You will need to file a Form 4864, Casualty and Theft Losses, with your return. The first \$100 of your loss is not deductible. You also have to limit your loss by 10% of your income. Therefore, you should be able to deduct a casualty loss of \$189 on your return.

I have not received my Forms W-2 and 1042S. Could you please make one for me?

You need to ask your employers to reissue the forms. If this is not possible, we can help you complete a substitute wage statement if you have all the information on your earnings and withholding.

Last year I went to an American church. I gave them \$10 per week. Can I deduct this money?

If you file Form 1040NR, you can deduct monies donated to U.S. charities. In America, all churches are considered charities. If you received anything of value from the donation, such as a book, you may need to adjust the amount that you deduct.

I filed my return late, what will happen?

If you owed money to the IRS, there may be a penalty for not sending your return in on time. If you did not owe any tax, there will not be any IRS penalties for not filing on time. However, the Immigration and Naturalization Service may not look at this favorably since you are required to timely comply with all laws while in the U.S.

I never got my return back. What should I do?

If you are talking about your refund money, you should contact your nearest IRS office to determine why your refund was not issued. The most common reason is because people move. If you move after you file your return, you can file Form 8822 to change your address.

I am a second year F student and I received Form 1098T. What should I do with it?

You should keep it with your tax records, but you do not need to send it in with your return or mention it on the return. The purpose of the form is to let you know that you were a student at the college or university who issued it. It also can contain information about how much tuition and fees you paid. If you were a domestic student, this information could be used to calculate tax credits. International students are not entitled to education credits as long as they are nonresidents.

I changed my immigration status from F-2 to F-1 on May 11, 2001 (the day I received the notice from the INS). I also left the U.S. for a home visit late in December and I acquired an F-1 visa on December 21, 2001. I don't know which date to use on question 1b on Form 8843.

You should use the date of May 11, 2001. Even though we ask if you changed visas, we actually want to know if you changed immigration status. Therefore, the date we want is the one that coincides with your status change.

I arrived in the U.S. in December of 2001 and I didn't work. Do I still have to file Form 8843?

Yes. Even if you were only in the U.S. 1 day in 2001, you must file Form 8843.

I had bank interest on my checking account. Is that income I must put on my taxes?

No. Simple bank interest and interest on CDs is not considered income for nonresident aliens and is therefore not reportable. If the bank sends you a statement listing your interest earnings, you should keep the paper with your copy of the tax return. If you are filing as a resident alien, you must report your bank interest as income.

I am married and have a child who was born in the U.S. Can I take a deduction for my wife and child?

Generally, no. Students and scholars from Canada, Mexico, Japan, Korea and India may be able to claim exemptions for his/her spouse and children if certain conditions are met. Students and scholars from all other countries are not permitted to take a deduction as long as they are nonresident aliens for tax purposes.

I am from Canada and can claim an exemption for my wife. She does not have a Social Security number or ITIN, can I still deduct her? I know she needs a number but it is April 3, and I can't wait for the number.

No. You need to help her apply for an ITIN using Form W-7. It will take 6 to 8 weeks to get this number. You should go ahead and file your return. You will need to amend it later.

I am from China and my three children live with me. I pay everything for them. Can I claim them as dependents? Can I get any child related credits for them?

No. Chinese nonresidents are not allowed to claim a deduction for their children; nor are they entitled to any child-related credits.

I have been a student for two years and I still can't figure out how to calculate the Hope Credit. In Germany we don't have such credit.

You can stop being concerned because as a nonresident alien, you are not entitled to the HOPE or Tuition Tax Credit. You also are not eligible for any earned income credit.

Can I deduct the computer I had to buy to write my term papers and do other homework?

Generally no. Unless a specific class required that you have a computer, no deduction is allowed. Many times you need access to a computer but it isn't stipulated that you need your own computer.

Should I keep a copy of my return?

Yes. And you should keep a copy of all of the attachments such as W-2 and 1042S. This helps prove that you filed a tax return. You may need this proof if you apply for permanent resident status with the INS.

I owe money. Can I send a check, and who do I make it for?

You can send a check made out to U.S. Treasury. Make sure to write your Social Security number on the check in the memo section. You should also write which year the money is for.

I will be graduating in June. I am going home to India. I did have work this year (2002). What do I need to do next year to fix my tax problems?

You need to make sure that the payroll office at your college has an address to forward your wage statements. You can download the tax forms you will need by going to www.irs.gov/forms_pubs/index.html or you can have someone mail the forms to you. You will still send your completed forms to Philadelphia.

PROCESSING ISSUES

The Philadelphia Service Center processes all Form 1040NRs and related forms. It has provided the following processing information.

- A mismatch between the SSN or ITIN and the name is the most common error. Exercise caution when completing the taxpayer information section of the return.
- Ideally, a return should not be filed until an adequate identification number is obtained for the filer and any possible dependents.
- If wages are present on the return, it must be filed by April 15.
- Tax treaty exclusions should be adequately addressed in the questions and answers section of the tax return. Particular attention should be given to the amount of time spent in the U.S. under the relevant visa, and the treaty country and article number should be clearly indicated.
- Particular emphasis is needed on the provisions of the India treaty and calculation of possible standard deduction and exemption amounts.
- Amended returns should be prepared for a scholar who loses all of their treaty benefit if they stay past the maximum presence allowed by their treaty.

NAMING CUSTOMS AND IMMIGRATION STATUS

APPENDIX B

NAMING CUSTOMS

International names can be a challenge in many ways. Pronunciation may be difficult. Spelling may be unusual, and the concept of “first” and “last” name varies by country. International students and scholars are very patient during your attempts to obtain their “correct name”.

For federal income tax purposes, **the most important rule to remember is that the name on the tax papers must match the records on file with the Social Security Administration or with the Internal Revenue Service ITIN unit.** When advising students and scholars, instruct them to use their name in the same order as is appears on their Social Security card or ITIN letter.

The following information is for reference purposes and to help you have a better understanding of naming customs.

GENERAL ORIENTAL NAMING CUSTOMS

Oriental or Southeast Asians often use their family name first. Chinese, Vietnamese, and Cambodian persons use their names in a pattern directly reversed from the way of naming in the U.S.

The words “Van” and “Thi” appearing in the middle of the names are not given names. They are to identify gender. “Van” indicates a male. “Thi” is female. These words should be included as the middle name.

Example:

Nguyen Thi Mai

Nguyen is the family or “last” name

Thi is the middle name indicating the person is female

Mai is the given or “first” name.

In the example above, when completing the tax return for Mai, you would follow the order that her name appears on her Social Security card.

BURMESE NAMING CUSTOMS

The Burmese do not have family names. Most Burmese given names consist of two and sometimes three words. Most names are given according to the astrological sign for the day of the week on which the child is born. There may be no similarity between a child's name and a parent's name. Almost all Burmese have at least one alias. These aliases are taken for a variety of reasons, including advice from astrologers. Ethnic Chinese and Indians in Burma usually take a Burmese name in addition to their own ethnic name. Women do not change their name when they marry. There are no differences between male and female names. Therefore, courtesy titles are always attached to the name. The titles will change throughout the lifetime.

Example:

A male child is given the name of "Tin".

At birth, he will be known as Maung Tin.

At college age, he will be known as Ko Tin.

When he marries he will be known as U Tin.

CHINESE NAMING CUSTOMS

Written Chinese is not a representation of the sounds of the language, but a system using one or more symbols to express the idea of each word. Most Chinese words have only one syllable. The family name is usually spoken and written first. A Chinese woman is not known by her given name after marriage. Instead, the name "Shee" is added to her family name to create a new given name for her. She may also have other names. The Chinese do not always compute age as we do.

ETHIOPIAN NAMING CUSTOMS

Ethiopians do not use a system of family names. A child receives the father's first name and in addition is given a new first name. Only the paternal name passes on. A woman retains her name after marriage.

GREEK NAMING CUSTOMS

Every Greek has three names. They frequently abbreviate their names. The name “Pappas” may be a valid name by itself, or it may be a shortening of several thousand possible names.

In males:	First name	= given name
	Second name	= given name of the father in the genitive case
	Third name	= family name
In females:	First name	= given name
	Second name	= the genitive form of her husband's first name
	Third name	= husband's family name

INDIAN NAMING CUSTOMS

Children are not always given names at birth or their names are changed after birth. There is no consistency in writing names. Different last names can be used by members of the same family. Under Sikh custom, a child is not named until forty days after birth. Males are given the second name “Singh”. Girls are given a second name “Kaur” which may be changed after marriage.

INDONESIAN NAMING CUSTOMS

People from Indonesia may have only one name. In that case, use “FNU” (First Name Unknown) for the first name.

PORTUGUESE AND BRAZILIAN VARIATIONS OF PORTUGUESE NAMING CUSTOMS

The Portuguese Code of Civil Registry provides that full Portuguese names shall never consist of more than six names (words). Except for noble families, names are generally restricted to four words. Three given names is not unusual. The legitimate offspring of a Portuguese couple would include the surnames of both parents, neither of which is considered a middle name. In the case of a child born out of wedlock, the surname of the mother is used. Portuguese usage places the family name last. Diminutives are used extensively in Portuguese. Certain names are very popular and appear frequently. Many Portuguese use only the part of their name that will distinguish them from others.

SPANISH NAMING CUSTOMS

A great number of Spanish given names contain more than one word. Multiple words should be considered part of one name (Maria de los Angeles = Maria Angeles). A great many Spanish given names have equivalent nicknames which are commonly used as a first name, but should not be used for tax purposes. A man named Jose might be known as Pepe. On the tax return, use the name Jose.

IMMIGRATION STATUS

Non-immigrants must enter the U.S. on a visa with an assigned immigrant status. Immigrant status can change without a new visa being issued. New visas are issued only when reentering the U.S. Failure to obtain a visa results in illegal alien status. For income tax purposes, we are only concerned with residency status according to the tax laws and the amount of earnings. If someone is in the country illegally and has earned money, they still need to file a tax return.

The following information may help you understand some of the terminology you will encounter when working with international students and scholars.

COMMONLY USED NONIMMIGRANT IMMIGRATION STATUSES

A-1	Ambassador, public minister, career diplomatic or consular officer assigned to the U.S. or immediate family	May be employed only by the government that sent alien to U.S.; spouse may request permission to work through INS
A-2	Other Foreign government official or employee, or immediate family	Same as A-1
A-3	Attendant, servant, or personal employee of A-1 or A-2, or immediate family	May work only for A-1 and A-2 visa holders
B-1	Temporary visitor for business	Not allowed to work
B-2	Temporary visit for pleasure	Not allowed to work
B-1/B-2	Temporary visit for business and pleasure	Not allowed to work
C-1	Alien in transit through U.S.	Not allowed to work
C-2	Alien in transit to United Nations Headquarters District under subsections 11(3), (4), or (5) of the Headquarters Agreement with the United Nations	Not allowed to work
C-3	Foreign government official, immediate family, attendant, servant, or personal employee in transit	Not allowed to work
D	Crewmember (sea or air)	May work only on board the aircraft or vessel of the foreign company that employs the alien
E-1	Treaty trader, spouse or child	May work only for the company that is doing the international trade or the company that alien or alien investor has invested in
E-2	Treaty investor, spouse or child	Not allowed to work

F-1	Student (academic or language training programs)	May not accept off-campus employment at any time during the first year of study; however, INS may grant permission to accept off-campus work after one year. Student may accept on-campus employment without INS permission
F-2	Spouse or child of F-1	Not allowed to work
G-1	Principal resident representative of recognized foreign government to international organization, staff, or immediate family on long-term assignment	May work for international organization that he/she represents. Spouse or dependent may apply to INS for permission to work
G-2	Other representative of recognized foreign member government to international organization, or immediate family	Same as G-1
G-3	Representative of nonrecognized or nonmember foreign government to international organization, or immediate family	Same as G-1
G-4	International organization officer or employee or immediate family	Same as G-1
G-5	Attendant, servant, or personal employee of G-1, G-2, G-3, and G-4 classes or immediate family	May work only for G-1, G-2, G-3, or G-4 visa holders
H-1A	Registered nurses	May work only for the person or company that filed the petition for alien
H-1B	Temporary worker in specialty occupation (profession)	Same as H-1A
H-2A	Temporary worker performing agricultural services unavailable in U.S.	Same as H-1A
H-2B	Temporary worker performing other services unavailable in the U.S.	Same as H-1A
H-3	Trainee other than medical academic	Same as H-1A
H-4	Spouse or child of alien classified as H-1A/B, H-2 A/B or H-3	Not allowed to work

I	Representative of foreign information media, spouse or child	May work only for foreign-based employer. Spouse and children may not work
J-1	Exchange visitor in U.S. for purpose of teaching, instructing or lecturing, studying, observing, conducting research, consulting, demonstrating special skills, or receiving training	Employment depends upon terms of the program. Participants in program which provides for on-the-job training, teaching, research, or other activities that involve paid employment, may accept such employment
J-2	Spouse or child of J-1	May request INS permission to work
K-1	Fiance(e) of U.S. citizen	May request INS permission to work
K-2	Child of fiance(e) of U.S. citizen	May request INS permission to work
L-1	Intracompany transferee (executive, managerial, and specialized knowledge personnel continuing employment with an international firm or corporation)	May request permission from INS to work
L-2	Spouse or child of intracompany transferee	May request permission from INS to work
M-1	Vocational student or other nonacademic	With prior approval from INS, may accept temporary employment for practical training
M-2	Spouse or child of M-1	Not allowed to work
N-8	Parent of an alien classified SK-3 special immigrant	Not allowed to work
N-9	Child of N-8, or of an SK-1, SK-2, or SK-4 special immigrant	Not allowed to work
NATO-1 NATO-2 NATO-3 NATO-4 NATO-5 NATO-6	Representatives of member states to NATO, and their families	Generally not permitted to work
NATO-7	Attendant, servant, or personal employee of above NATO classes, or immediate family	Permitted to work for NATO visa holder only

O-1	Alien with extraordinary ability in sciences, arts, education, business or athletics	Allowed to work
O-2	Alien accompanying and assisting an O-1 visa holder in a professional capacity	Allowed to work
O-3	Spouse or minor child of O-1 or O-2	Not allowed to work
P-1	Internationally recognized athlete or member of internationally recognized entertainment group	Allowed to work
P-2	Artist or entertainer in a reciprocal exchange program	Allowed to work
P-3	Artist or entertainer in a culturally unique program	Allowed to work
P-4	Spouse or child of P-1, P-2, or P-3	Not allowed to work
Q-1	Participant in an international cultural exchange program	Allowed to work
R-1	Alien in a religious occupation	May work in a nonprofessional vocation or occupation if the type of work to be done relates to a traditional religious function
R-2	Spouse or child of R-1	Not allowed to work
S-5	Informant possessing critical reliable information concerning a criminal organization or enterprise	
S-6	Informant possessing critical reliable information concerning a terrorist organization, enterprise or operation	
S-7	Qualified family member S-5, S-6	
TN	Canadian or Mexican citizen working in a professional capacity under North America Free Trade Agreement (NAFTA)	Allowed to work in the profession shown on NAFTA list
TD	Spouse or child of NAFTA professional	Not allowed to work

INS FORMS

The Immigration and Naturalization Service also has a large number of forms. Many students and scholars will not need to file most of these forms. If they do need to file some of these forms with the INS, they should consult the foreign student advisor at their college. The information provided here is for your reference. For more information about these forms, visit <http://www.ins.gov>

<i>Form number</i>	<i>Name</i>	<i>Cost to file</i>
AR-11	Change of Address Form	None
G-14	Information Form	None
G-28	Notice of Entry of Appearance as Attorney or Representative	None
G-325	Biographic Information	None
G-325A	Biographic Information	None
G-325B	Biographic Information	None
G-325C	Biographic Information	None
G-639	Freedom of Information Request	Varied
G-731	Inquiry about status of I-551 Alien Registration Card	None
G-845	Verification Request	None
G-854S	Verification Request	None
G-942	Application Survey	None
G-1020	H-1B Specialty Occupation Data Collection	None
I-9	Employment Eligibility Verification	None
I-17	Petition for Approval of School for Attendance by Nonimmigrant student	\$200
I-68	Canadian Border Boat Landing Permit	\$16
I-90	Application to Replace Permanent Resident Card	\$110
I-94	Arrival-Departure Record	\$6
I-94W	Nonimmigrant Visa Waiver Arrival-Departure Record	\$6
I-102	Application for Replacement/Initial Nonimmigrant Arrival-Departure Record	\$85
I-129	Petition for a Non-immigrant worker	\$110 + \$1000 per petition
I-129F	Petition for Alien Fiance(e)	\$95

I-129S	Nonimmigrant Petition Based on Blanket L Petition	None
I-129W	Petition for Nonimmigrant Worker Filing Fee Exemption	None
I-130	Petition for Alien Relative	\$110
I-131	Application for Travel Document	\$95
I-134	Affidavit of Support	None
I-140	Immigrant Petition for Alien Worker	\$115
I-175	Application for Nonresident Alien's Canadian Border Crossing Card	\$30
I-190	Application for Nonresident Alien Mexican Border Crossing Card	\$26
I-191	Application for Permission to Return to Unrelinquished Domicile	\$170
I-192	Application for Advance Permission to Enter as a Nonimmigrant	\$170
I-193	Application for Waiver of Passport and/or Visa	\$170
I-212	Application for Permission to Reapply for Admission into the U.S. After Deportation or Removal	\$170
I-246	Application for Stay of Deportation or Removal	\$155
I-290B	Notice of Appeal to the Administrative Appeals Unit	\$110
I-352	Immigration Bond	None
I-360	Petition for Amerasian, Widow(er), or Special Immigrant	\$110
I-361	Affidavit of Financial Support and Intent to Petition for Legal Custody	None
I-408	Application to Pay Off or Discharge Alien Crew	None
I-485	Application to Register Permanent Residence or Adjust Status	\$220
I-485A	Supplement A to Form I-485, Application to Register Permanent Residence	\$1,000
I-485B	Form I-485 Instructions for NACARA	None
I-485C	Instructions to Supplement C to Form I-485 (HRIFA)	None
I-526	Immigrant Petition By Alien Entrepreneur	\$350
I-539	Application to Extend/Change Nonimmigrant Status	\$120

I-566	Interagency Record of Individual Requesting Change/Adjustment to or from A or G status	None
I-589	Application for Asylum	None
I-600	Petition to Classify Orphan as an Immediate Relative	\$405
I-600A	Application for Advance Processing of Orphan Petition	\$405
I-601	Application for Waiver of Grounds of Excludability	\$170
I-602	Application By Refugee For Waiver of Grounds of Excludability	None
I-612	Application for Waiver of the Foreign Residence Requirement	\$170
I-643	Health and Human Services Statistical Data for Refugee/Asylee Adjusting Status	None
I-690	Application for Waiver of Excludability	\$35
I-693	Medical Examination of Aliens Seeking Adjustment of Status	None
I-694	Notice of Appeal Decision	\$50
I-695	Application for Replacement Employment Authorization or Temporary Residence Card	\$15
I-698	Application to Adjust Status From Temporary to Permanent Residence	\$120
I-730	Refugee/Asylee Relative Petition	None
I-751	Petition to Remove the Conditions of Residence	\$125
I-765	Application for Employment Authorization	\$100
I-765D	Liberian Deferred Enforced Departure Supplement	None
I-817	Application for Family Unity Benefits	\$120
I-821	Application for Temporary Protected Status	\$50
I-821A	Forms and Instruction for TPS for Nicaraguans and Hondurans	\$50
I-823	Application—Inspections Facilitation Program	SENTRI=\$129 PACE=\$25
I-824	Application for Action on an Approved Application or Petition	\$120
I-829	Petition by Entrepreneur to Remove Conditions	\$345
I-847	Report of Compliant	None

I-855	ABC Change of Address	None
I-864	Affidavit of Support	None
I-864A	Affidavit of Support Contract Between Sponsor and Household Member	None
I-864P	Poverty Guidelines	None
I-864 Pkg.	Contains I-684, I-684A and I-685	None
I-865	Sponsor's Notice of Change of Address	None
I-866	Application Checkpoint Pre-enrolled Access Lane	None
I-876	Election Form to Participate in Employment Eligibility Confirmation Pilot Program	None
I-881	NACARA—Suspension of Deportation or Application for Special Rule Cancellation of Removal	\$215
I-907	Request for Premium Processing Service	\$1000
N-4	Monthly Report Naturalization Papers	None
N-25	Request for Verification of Naturalization	None
N-300	Application to File Declaration of Intent	\$50
N-336	Request for Hearing on a Decision in Naturalization Proceedings Under Section 336 of the INA	\$170
N-400	Application for Naturalization	\$225
N-410	Application for Motion for Amendment of Petition	\$50
N-426	Request for Certification of Military or Naval Service	None
N-455	Application for Transfer of Petition for Naturalization	\$90
N-470	Application to Preserve Residence for Naturalization Purposes	\$80
N-565	Application for Replacement Naturalization Citizenship Document	\$135
N-600	Application for Certification of Citizenship	\$160
N-643	Application for Certificate of Citizenship on Behalf of an Adopted Child	\$125
N-648	Medical Certification for Disability Exceptions	None

COMPREHENSIVE PROBLEMS

APPENDIX C

At the time this guide was prepared, the 2001 draft version of Form 1040NR was not yet available. Therefore, all exercises, which require a Form 1040NR, use the 2000 version. The draft of Form 1040NR-EZ was available and is used where appropriate. All problems use the 2001 tax table, which is reproduced on the next three pages.

2001 Tax Table

Use if your taxable income is less than \$100,000.
If \$100,000 or more, use the Tax Rate Schedules.

Example. Mr. and Mrs. Brown are filing a joint return. Their taxable income on line 39 of Form 1040 is \$25,300. First, they find the \$25,300–25,350 income line. Next, they find the column for married filing jointly and read down the column. The amount shown where the income line and filing status column meet is \$3,799. This is the tax amount they should enter on line 40 of their Form 1040.

Sample Table

At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household
Your tax is—					
25,200	25,250	3,784	3,784	4,112	3,784
25,250	25,300	3,791	3,791	4,126	3,791
25,300	25,350	3,799	(3,799)	4,139	3,799
25,350	25,400	3,806	3,806	4,153	3,806

If line 39 (taxable income) is—		And you are—				If line 39 (taxable income) is—		And you are—				If line 39 (taxable income) is—		And you are—			
At least	But less than	Single	Married filing jointly	Married filing separately	Head of a household	At least	But less than	Single	Married filing jointly	Married filing separately	Head of a household	At least	But less than	Single	Married filing jointly	Married filing separately	Head of a household
Your tax is—		Your tax is—				Your tax is—		Your tax is—				Your tax is—		Your tax is—			
0	5	0	0	0	0	1,300	1,325	197	197	197	197	2,700	2,725	407	407	407	407
5	15	2	2	2	2	1,325	1,350	201	201	201	201	2,725	2,750	411	411	411	411
15	25	3	3	3	3	1,350	1,375	204	204	204	204	2,750	2,775	414	414	414	414
25	50	6	6	6	6	1,375	1,400	208	208	208	208	2,775	2,800	418	418	418	418
50	75	9	9	9	9	1,400	1,425	212	212	212	212	2,800	2,825	422	422	422	422
75	100	13	13	13	13	1,425	1,450	216	216	216	216	2,825	2,850	426	426	426	426
100	125	17	17	17	17	1,450	1,475	219	219	219	219	2,850	2,875	429	429	429	429
125	150	21	21	21	21	1,475	1,500	223	223	223	223	2,875	2,900	433	433	433	433
150	175	24	24	24	24	1,500	1,525	227	227	227	227	2,900	2,925	437	437	437	437
175	200	28	28	28	28	1,525	1,550	231	231	231	231	2,925	2,950	441	441	441	441
200	225	32	32	32	32	1,550	1,575	234	234	234	234	2,950	2,975	444	444	444	444
225	250	36	36	36	36	1,575	1,600	238	238	238	238	2,975	3,000	448	448	448	448
250	275	39	39	39	39	1,600	1,625	242	242	242	242	3,000					
275	300	43	43	43	43	1,625	1,650	246	246	246	246	3,000	3,050	454	454	454	454
300	325	47	47	47	47	1,650	1,675	249	249	249	249	3,050	3,100	461	461	461	461
325	350	51	51	51	51	1,675	1,700	253	253	253	253	3,100	3,150	469	469	469	469
350	375	54	54	54	54	1,700	1,725	257	257	257	257	3,150	3,200	476	476	476	476
375	400	58	58	58	58	1,725	1,750	261	261	261	261	3,200	3,250	484	484	484	484
400	425	62	62	62	62	1,750	1,775	264	264	264	264	3,250	3,300	491	491	491	491
425	450	66	66	66	66	1,775	1,800	268	268	268	268	3,300	3,350	499	499	499	499
450	475	69	69	69	69	1,800	1,825	272	272	272	272	3,350	3,400	506	506	506	506
475	500	73	73	73	73	1,825	1,850	276	276	276	276	3,400	3,450	514	514	514	514
500	525	77	77	77	77	1,850	1,875	279	279	279	279	3,450	3,500	521	521	521	521
525	550	81	81	81	81	1,875	1,900	283	283	283	283	3,500	3,550	529	529	529	529
550	575	84	84	84	84	1,900	1,925	287	287	287	287	3,550	3,600	536	536	536	536
575	600	88	88	88	88	1,925	1,950	291	291	291	291	3,600	3,650	544	544	544	544
600	625	92	92	92	92	1,950	1,975	294	294	294	294	3,650	3,700	551	551	551	551
625	650	96	96	96	96	1,975	2,000	298	298	298	298	3,700	3,750	559	559	559	559
650	675	99	99	99	99	2,000						3,750	3,800	566	566	566	566
675	700	103	103	103	103	2,000	2,025	302	302	302	302	3,800	3,850	574	574	574	574
700	725	107	107	107	107	2,025	2,050	306	306	306	306	3,850	3,900	581	581	581	581
725	750	111	111	111	111	2,050	2,075	309	309	309	309	3,900	3,950	589	589	589	589
750	775	114	114	114	114	2,075	2,100	313	313	313	313	3,950	4,000	596	596	596	596
775	800	118	118	118	118	2,100	2,125	317	317	317	317	4,000					
800	825	122	122	122	122	2,125	2,150	321	321	321	321	4,000	4,050	604	604	604	604
825	850	126	126	126	126	2,150	2,175	324	324	324	324	4,050	4,100	611	611	611	611
850	875	129	129	129	129	2,175	2,200	328	328	328	328	4,100	4,150	619	619	619	619
875	900	133	133	133	133	2,200	2,225	332	332	332	332	4,150	4,200	626	626	626	626
900	925	137	137	137	137	2,225	2,250	336	336	336	336	4,200	4,250	634	634	634	634
925	950	141	141	141	141	2,250	2,275	339	339	339	339	4,250	4,300	641	641	641	641
950	975	144	144	144	144	2,275	2,300	343	343	343	343	4,300	4,350	649	649	649	649
975	1,000	148	148	148	148	2,300	2,325	347	347	347	347	4,350	4,400	656	656	656	656
1,000		1,000				2,325	2,350	351	351	351	351	4,400	4,450	664	664	664	664
1,000	1,025	152	152	152	152	2,350	2,375	354	354	354	354	4,450	4,500	671	671	671	671
1,025	1,050	156	156	156	156	2,375	2,400	358	358	358	358	4,500	4,550	679	679	679	679
1,050	1,075	159	159	159	159	2,400	2,425	362	362	362	362	4,550	4,600	686	686	686	686
1,075	1,100	163	163	163	163	2,425	2,450	366	366	366	366	4,600	4,650	694	694	694	694
1,100	1,125	167	167	167	167	2,450	2,475	369	369	369	369	4,650	4,700	701	701	701	701
1,125	1,150	171	171	171	171	2,475	2,500	373	373	373	373	4,700	4,750	709	709	709	709
1,150	1,175	174	174	174	174	2,500	2,525	377	377	377	377	4,750	4,800	716	716	716	716
1,175	1,200	178	178	178	178	2,525	2,550	381	381	381	381	4,800	4,850	724	724	724	724
1,200	1,225	182	182	182	182	2,550	2,575	384	384	384	384	4,850	4,900	731	731	731	731
1,225	1,250	186	186	186	186	2,575	2,600	388	388	388	388	4,900	4,950	739	739	739	739
1,250	1,275	189	189	189	189	2,600	2,625	392	392	392	392	4,950	5,000	746	746	746	746
1,275	1,300	193	193	193	193	2,625	2,650	396	396	396	396	(Continued on page 60)					
						2,650	2,675	399	399	399	399						
						2,675	2,700	403	403	403	403						

* This column must also be used by a qualifying widow(er).

2001 Tax Table—Continued

If line 39 (taxable income) is—		And you are—				If line 39 (taxable income) is—		And you are—				If line 39 (taxable income) is—		And you are—			
At least	But less than	Single	Married filing jointly *	Married filing sepa- rately	Head of a house- hold	At least	But less than	Single	Married filing jointly *	Married filing sepa- rately	Head of a house- hold	At least	But less than	Single	Married filing jointly *	Married filing sepa- rately	Head of a house- hold
Your tax is—		Your tax is—				Your tax is—		Your tax is—				Your tax is—		Your tax is—			
5,000						8,000						11,000					
5,000	5,050	754	754	754	754	8,000	8,050	1,204	1,204	1,204	1,204	11,000	11,050	1,654	1,654	1,654	1,654
5,050	5,100	761	761	761	761	8,050	8,100	1,211	1,211	1,211	1,211	11,050	11,100	1,661	1,661	1,661	1,661
5,100	5,150	769	769	769	769	8,100	8,150	1,219	1,219	1,219	1,219	11,100	11,150	1,669	1,669	1,669	1,669
5,150	5,200	776	776	776	776	8,150	8,200	1,226	1,226	1,226	1,226	11,150	11,200	1,676	1,676	1,676	1,676
5,200	5,250	784	784	784	784	8,200	8,250	1,234	1,234	1,234	1,234	11,200	11,250	1,684	1,684	1,684	1,684
5,250	5,300	791	791	791	791	8,250	8,300	1,241	1,241	1,241	1,241	11,250	11,300	1,691	1,691	1,691	1,691
5,300	5,350	799	799	799	799	8,300	8,350	1,249	1,249	1,249	1,249	11,300	11,350	1,699	1,699	1,699	1,699
5,350	5,400	806	806	806	806	8,350	8,400	1,256	1,256	1,256	1,256	11,350	11,400	1,706	1,706	1,706	1,706
5,400	5,450	814	814	814	814	8,400	8,450	1,264	1,264	1,264	1,264	11,400	11,450	1,714	1,714	1,714	1,714
5,450	5,500	821	821	821	821	8,450	8,500	1,271	1,271	1,271	1,271	11,450	11,500	1,721	1,721	1,721	1,721
5,500	5,550	829	829	829	829	8,500	8,550	1,279	1,279	1,279	1,279	11,500	11,550	1,729	1,729	1,729	1,729
5,550	5,600	836	836	836	836	8,550	8,600	1,286	1,286	1,286	1,286	11,550	11,600	1,736	1,736	1,736	1,736
5,600	5,650	844	844	844	844	8,600	8,650	1,294	1,294	1,294	1,294	11,600	11,650	1,744	1,744	1,744	1,744
5,650	5,700	851	851	851	851	8,650	8,700	1,301	1,301	1,301	1,301	11,650	11,700	1,751	1,751	1,751	1,751
5,700	5,750	859	859	859	859	8,700	8,750	1,309	1,309	1,309	1,309	11,700	11,750	1,759	1,759	1,759	1,759
5,750	5,800	866	866	866	866	8,750	8,800	1,316	1,316	1,316	1,316	11,750	11,800	1,766	1,766	1,766	1,766
5,800	5,850	874	874	874	874	8,800	8,850	1,324	1,324	1,324	1,324	11,800	11,850	1,774	1,774	1,774	1,774
5,850	5,900	881	881	881	881	8,850	8,900	1,331	1,331	1,331	1,331	11,850	11,900	1,781	1,781	1,781	1,781
5,900	5,950	889	889	889	889	8,900	8,950	1,339	1,339	1,339	1,339	11,900	11,950	1,789	1,789	1,789	1,789
5,950	6,000	896	896	896	896	8,950	9,000	1,346	1,346	1,346	1,346	11,950	12,000	1,796	1,796	1,796	1,796
6,000						9,000						12,000					
6,000	6,050	904	904	904	904	9,000	9,050	1,354	1,354	1,354	1,354	12,000	12,050	1,804	1,804	1,804	1,804
6,050	6,100	911	911	911	911	9,050	9,100	1,361	1,361	1,361	1,361	12,050	12,100	1,811	1,811	1,811	1,811
6,100	6,150	919	919	919	919	9,100	9,150	1,369	1,369	1,369	1,369	12,100	12,150	1,819	1,819	1,819	1,819
6,150	6,200	926	926	926	926	9,150	9,200	1,376	1,376	1,376	1,376	12,150	12,200	1,826	1,826	1,826	1,826
6,200	6,250	934	934	934	934	9,200	9,250	1,384	1,384	1,384	1,384	12,200	12,250	1,834	1,834	1,834	1,834
6,250	6,300	941	941	941	941	9,250	9,300	1,391	1,391	1,391	1,391	12,250	12,300	1,841	1,841	1,841	1,841
6,300	6,350	949	949	949	949	9,300	9,350	1,399	1,399	1,399	1,399	12,300	12,350	1,849	1,849	1,849	1,849
6,350	6,400	956	956	956	956	9,350	9,400	1,406	1,406	1,406	1,406	12,350	12,400	1,856	1,856	1,856	1,856
6,400	6,450	964	964	964	964	9,400	9,450	1,414	1,414	1,414	1,414	12,400	12,450	1,864	1,864	1,864	1,864
6,450	6,500	971	971	971	971	9,450	9,500	1,421	1,421	1,421	1,421	12,450	12,500	1,871	1,871	1,871	1,871
6,500	6,550	979	979	979	979	9,500	9,550	1,429	1,429	1,429	1,429	12,500	12,550	1,879	1,879	1,879	1,879
6,550	6,600	986	986	986	986	9,550	9,600	1,436	1,436	1,436	1,436	12,550	12,600	1,886	1,886	1,886	1,886
6,600	6,650	994	994	994	994	9,600	9,650	1,444	1,444	1,444	1,444	12,600	12,650	1,894	1,894	1,894	1,894
6,650	6,700	1,001	1,001	1,001	1,001	9,650	9,700	1,451	1,451	1,451	1,451	12,650	12,700	1,901	1,901	1,901	1,901
6,700	6,750	1,009	1,009	1,009	1,009	9,700	9,750	1,459	1,459	1,459	1,459	12,700	12,750	1,909	1,909	1,909	1,909
6,750	6,800	1,016	1,016	1,016	1,016	9,750	9,800	1,466	1,466	1,466	1,466	12,750	12,800	1,916	1,916	1,916	1,916
6,800	6,850	1,024	1,024	1,024	1,024	9,800	9,850	1,474	1,474	1,474	1,474	12,800	12,850	1,924	1,924	1,924	1,924
6,850	6,900	1,031	1,031	1,031	1,031	9,850	9,900	1,481	1,481	1,481	1,481	12,850	12,900	1,931	1,931	1,931	1,931
6,900	6,950	1,039	1,039	1,039	1,039	9,900	9,950	1,489	1,489	1,489	1,489	12,900	12,950	1,939	1,939	1,939	1,939
6,950	7,000	1,046	1,046	1,046	1,046	9,950	10,000	1,496	1,496	1,496	1,496	12,950	13,000	1,946	1,946	1,946	1,946
7,000						10,000						13,000					
7,000	7,050	1,054	1,054	1,054	1,054	10,000	10,050	1,504	1,504	1,504	1,504	13,000	13,050	1,954	1,954	1,954	1,954
7,050	7,100	1,061	1,061	1,061	1,061	10,050	10,100	1,511	1,511	1,511	1,511	13,050	13,100	1,961	1,961	1,961	1,961
7,100	7,150	1,069	1,069	1,069	1,069	10,100	10,150	1,519	1,519	1,519	1,519	13,100	13,150	1,969	1,969	1,969	1,969
7,150	7,200	1,076	1,076	1,076	1,076	10,150	10,200	1,526	1,526	1,526	1,526	13,150	13,200	1,976	1,976	1,976	1,976
7,200	7,250	1,084	1,084	1,084	1,084	10,200	10,250	1,534	1,534	1,534	1,534	13,200	13,250	1,984	1,984	1,984	1,984
7,250	7,300	1,091	1,091	1,091	1,091	10,250	10,300	1,541	1,541	1,541	1,541	13,250	13,300	1,991	1,991	1,991	1,991
7,300	7,350	1,099	1,099	1,099	1,099	10,300	10,350	1,549	1,549	1,549	1,549	13,300	13,350	1,999	1,999	1,999	1,999
7,350	7,400	1,106	1,106	1,106	1,106	10,350	10,400	1,556	1,556	1,556	1,556	13,350	13,400	2,006	2,006	2,006	2,006
7,400	7,450	1,114	1,114	1,114	1,114	10,400	10,450	1,564	1,564	1,564	1,564	13,400	13,450	2,014	2,014	2,014	2,014
7,450	7,500	1,121	1,121	1,121	1,121	10,450	10,500	1,571	1,571	1,571	1,571	13,450	13,500	2,021	2,021	2,021	2,021
7,500	7,550	1,129	1,129	1,129	1,129	10,500	10,550	1,579	1,579	1,579	1,579	13,500	13,550	2,029	2,029	2,029	2,029
7,550	7,600	1,136	1,136	1,136	1,136	10,550	10,600	1,586	1,586	1,586	1,586	13,550	13,600	2,036	2,036	2,036	2,036
7,600	7,650	1,144	1,144	1,144	1,144	10,600	10,650	1,594	1,594	1,594	1,594	13,600	13,650	2,044	2,044	2,044	2,044
7,650	7,700	1,151	1,151	1,151	1,151	10,650	10,700	1,601	1,601	1,601	1,601	13,650	13,700	2,051	2,051	2,051	2,051
7,700	7,750	1,159	1,159	1,159	1,159	10,700	10,750	1,609	1,609	1,609	1,609	13,700	13,750	2,059	2,059	2,059	2,059
7,750	7,800	1,166	1,166	1,166	1,166	10,750	10,800	1,616	1,616	1,616	1,616	13,750	13,800	2,066	2,066	2,066	2,066
7,800	7,850	1,174	1,174	1,174	1,174	10,800	10										

2001 Tax Table—Continued


If line 39 (taxable income) is—		And you are—				If line 39 (taxable income) is—		And you are—				If line 39 (taxable income) is—		And you are—			
At least	But less than	Single	Married filing jointly *	Married filing sepa- rately	Head of a house- hold	At least	But less than	Single	Married filing jointly *	Married filing sepa- rately	Head of a house- hold	At least	But less than	Single	Married filing jointly *	Married filing sepa- rately	Head of a house- hold
Your tax is—		Your tax is—				Your tax is—		Your tax is—				Your tax is—		Your tax is—			
14,000						17,000						20,000					
14,000	14,050	2,104	2,104	2,104	2,104	17,000	17,050	2,554	2,554	2,554	2,554	20,000	20,050	3,004	3,004	3,004	3,004
14,050	14,100	2,111	2,111	2,111	2,111	17,050	17,100	2,561	2,561	2,561	2,561	20,050	20,100	3,011	3,011	3,011	3,011
14,100	14,150	2,119	2,119	2,119	2,119	17,100	17,150	2,569	2,569	2,569	2,569	20,100	20,150	3,019	3,019	3,019	3,019
14,150	14,200	2,126	2,126	2,126	2,126	17,150	17,200	2,576	2,576	2,576	2,576	20,150	20,200	3,026	3,026	3,026	3,026
14,200	14,250	2,134	2,134	2,134	2,134	17,200	17,250	2,584	2,584	2,584	2,584	20,200	20,250	3,034	3,034	3,034	3,034
14,250	14,300	2,141	2,141	2,141	2,141	17,250	17,300	2,591	2,591	2,591	2,591	20,250	20,300	3,041	3,041	3,041	3,041
14,300	14,350	2,149	2,149	2,149	2,149	17,300	17,350	2,599	2,599	2,599	2,599	20,300	20,350	3,049	3,049	3,049	3,049
14,350	14,400	2,156	2,156	2,156	2,156	17,350	17,400	2,606	2,606	2,606	2,606	20,350	20,400	3,056	3,056	3,056	3,056
14,400	14,450	2,164	2,164	2,164	2,164	17,400	17,450	2,614	2,614	2,614	2,614	20,400	20,450	3,064	3,064	3,064	3,064
14,450	14,500	2,171	2,171	2,171	2,171	17,450	17,500	2,621	2,621	2,621	2,621	20,450	20,500	3,071	3,071	3,071	3,071
14,500	14,550	2,179	2,179	2,179	2,179	17,500	17,550	2,629	2,629	2,629	2,629	20,500	20,550	3,079	3,079	3,079	3,079
14,550	14,600	2,186	2,186	2,186	2,186	17,550	17,600	2,636	2,636	2,636	2,636	20,550	20,600	3,086	3,086	3,086	3,086
14,600	14,650	2,194	2,194	2,194	2,194	17,600	17,650	2,644	2,644	2,644	2,644	20,600	20,650	3,094	3,094	3,094	3,094
14,650	14,700	2,201	2,201	2,201	2,201	17,650	17,700	2,651	2,651	2,651	2,651	20,650	20,700	3,101	3,101	3,101	3,101
14,700	14,750	2,209	2,209	2,209	2,209	17,700	17,750	2,659	2,659	2,659	2,659	20,700	20,750	3,109	3,109	3,109	3,109
14,750	14,800	2,216	2,216	2,216	2,216	17,750	17,800	2,666	2,666	2,666	2,666	20,750	20,800	3,116	3,116	3,116	3,116
14,800	14,850	2,224	2,224	2,224	2,224	17,800	17,850	2,674	2,674	2,674	2,674	20,800	20,850	3,124	3,124	3,124	3,124
14,850	14,900	2,231	2,231	2,231	2,231	17,850	17,900	2,681	2,681	2,681	2,681	20,850	20,900	3,131	3,131	3,131	3,131
14,900	14,950	2,239	2,239	2,239	2,239	17,900	17,950	2,689	2,689	2,689	2,689	20,900	20,950	3,139	3,139	3,139	3,139
14,950	15,000	2,246	2,246	2,246	2,246	17,950	18,000	2,696	2,696	2,696	2,696	20,950	21,000	3,146	3,146	3,146	3,146
15,000						18,000						21,000					
15,000	15,050	2,254	2,254	2,254	2,254	18,000	18,050	2,704	2,704	2,704	2,704	21,000	21,050	3,154	3,154	3,154	3,154
15,050	15,100	2,261	2,261	2,261	2,261	18,050	18,100	2,711	2,711	2,711	2,711	21,050	21,100	3,161	3,161	3,161	3,161
15,100	15,150	2,269	2,269	2,269	2,269	18,100	18,150	2,719	2,719	2,719	2,719	21,100	21,150	3,169	3,169	3,169	3,169
15,150	15,200	2,276	2,276	2,276	2,276	18,150	18,200	2,726	2,726	2,726	2,726	21,150	21,200	3,176	3,176	3,176	3,176
15,200	15,250	2,284	2,284	2,284	2,284	18,200	18,250	2,734	2,734	2,734	2,734	21,200	21,250	3,184	3,184	3,184	3,184
15,250	15,300	2,291	2,291	2,291	2,291	18,250	18,300	2,741	2,741	2,741	2,741	21,250	21,300	3,191	3,191	3,191	3,191
15,300	15,350	2,299	2,299	2,299	2,299	18,300	18,350	2,749	2,749	2,749	2,749	21,300	21,350	3,199	3,199	3,199	3,199
15,350	15,400	2,306	2,306	2,306	2,306	18,350	18,400	2,756	2,756	2,756	2,756	21,350	21,400	3,206	3,206	3,206	3,206
15,400	15,450	2,314	2,314	2,314	2,314	18,400	18,450	2,764	2,764	2,764	2,764	21,400	21,450	3,214	3,214	3,214	3,214
15,450	15,500	2,321	2,321	2,321	2,321	18,450	18,500	2,771	2,771	2,771	2,771	21,450	21,500	3,221	3,221	3,221	3,221
15,500	15,550	2,329	2,329	2,329	2,329	18,500	18,550	2,779	2,779	2,779	2,779	21,500	21,550	3,229	3,229	3,229	3,229
15,550	15,600	2,336	2,336	2,336	2,336	18,550	18,600	2,786	2,786	2,786	2,786	21,550	21,600	3,236	3,236	3,236	3,236
15,600	15,650	2,344	2,344	2,344	2,344	18,600	18,650	2,794	2,794	2,794	2,794	21,600	21,650	3,244	3,244	3,244	3,244
15,650	15,700	2,351	2,351	2,351	2,351	18,650	18,700	2,801	2,801	2,801	2,801	21,650	21,700	3,251	3,251	3,251	3,251
15,700	15,750	2,359	2,359	2,359	2,359	18,700	18,750	2,809	2,809	2,809	2,809	21,700	21,750	3,259	3,259	3,259	3,259
15,750	15,800	2,366	2,366	2,366	2,366	18,750	18,800	2,816	2,816	2,816	2,816	21,750	21,800	3,266	3,266	3,266	3,266
15,800	15,850	2,374	2,374	2,374	2,374	18,800	18,850	2,824	2,824	2,824	2,824	21,800	21,850	3,274	3,274	3,274	3,274
15,850	15,900	2,381	2,381	2,381	2,381	18,850	18,900	2,831	2,831	2,831	2,831	21,850	21,900	3,281	3,281	3,281	3,281
15,900	15,950	2,389	2,389	2,389	2,389	18,900	18,950	2,839	2,839	2,839	2,839	21,900	21,950	3,289	3,289	3,289	3,289
15,950	16,000	2,396	2,396	2,396	2,396	18,950	19,000	2,846	2,846	2,846	2,846	21,950	22,000	3,296	3,296	3,296	3,296
16,000						19,000						22,000					
16,000	16,050	2,404	2,404	2,404	2,404	19,000	19,050	2,854	2,854	2,854	2,854	22,000	22,050	3,304	3,304	3,304	3,304
16,050	16,100	2,411	2,411	2,411	2,411	19,050	19,100	2,861	2,861	2,861	2,861	22,050	22,100	3,311	3,311	3,311	3,311
16,100	16,150	2,419	2,419	2,419	2,419	19,100	19,150	2,869	2,869	2,869	2,869	22,100	22,150	3,319	3,319	3,319	3,319
16,150	16,200	2,426	2,426	2,426	2,426	19,150	19,200	2,876	2,876	2,876	2,876	22,150	22,200	3,326	3,326	3,326	3,326
16,200	16,250	2,434	2,434	2,434	2,434	19,200	19,250	2,884	2,884	2,884	2,884	22,200	22,250	3,334	3,334	3,334	3,334
16,250	16,300	2,441	2,441	2,441	2,441	19,250	19,300	2,891	2,891	2,891	2,891	22,250	22,300	3,341	3,341	3,341	3,341
16,300	16,350	2,449	2,449	2,449	2,449	19,300	19,350	2,899	2,899	2,899	2,899	22,300	22,350	3,349	3,349	3,349	3,349
16,350	16,400	2,456	2,456	2,456	2,456	19,350	19,400	2,906	2,906	2,906	2,906	22,350	22,400	3,356	3,356	3,356	3,356
16,400	16,450	2,464	2,464	2,464	2,464	19,400	19,450	2,914	2,914	2,914	2,914	22,400	22,450	3,364	3,364	3,364	3,364
16,450	16,500	2,471	2,471	2,471	2,471	19,450	19,500	2,921	2,921	2,921	2,921	22,450	22,500	3,371	3,371	3,371	3,371
16,500	16,550	2,479	2,479	2,479	2,479	19,500	19,550	2,929	2,929	2,929	2,929	22,500	22,550	3,379	3,379	3,379	3,379
16,550	16,600	2,486	2,486	2,486	2,486	19,550	19,600	2,936	2,936	2,936	2,936	22,550	22,600	3,386	3,386	3,386	3,386
16,600	16,650	2,494	2,494	2,494	2,494	19,600	19,650	2,944	2,944	2,944	2,944	22,600	22,650	3,394	3,394	3,397	3,394
16,650	16,700	2,501	2,501	2,501	2,501	19,650	19,700	2,951	2,951	2,951	2,951	22,650	22,700	3,401	3,401	3,411	3,401
</																	

COMPREHENSIVE PROBLEM 1

Michelle Deventer, a permanent resident of Belgium, came to the U.S. on an F-1 visa on August 1, 1999. She has remained in the country since then and is a full-time student at the local university. Michelle, born 4-15-1978, is single. She began working on the university campus on January 3, 2001. She filed Form 8233 with the payroll department on January 15, 2001. Using the following information, complete Michelle's income tax return. She would also need to file a Form 8843, but assume that she has already completed that on her own. Her visa number is 12233441.

Form 1042-S Department of the Treasury Internal Revenue Service		Foreign Person's U.S. Source Income Subject to Withholding				2001		OMB No. 1545-0096 Copy B for Recipient	
		<input type="checkbox"/> VOID		<input type="checkbox"/> CORRECTED		<input type="checkbox"/> PRO-RATA BASIS REPORTING			
1 Income code	2 Gross income	3 Withholding allowances	4 Net income	5 Tax rate	6 Exemption code	7 U.S. Federal tax withheld	8 Amount repaid to recipient		
19	2,000.00	2,000.00			04	0			
9 Withholding agent's EIN ▶ 12-3456789				14 Recipient's U.S. TIN, if any ▶					
<input type="checkbox"/> EIN <input type="checkbox"/> QI-EIN				<input type="checkbox"/> SSN or ITIN <input type="checkbox"/> EIN <input type="checkbox"/> QI-EIN					
10 WITHHOLDING AGENT'S name and address (including ZIP code) Hometown University 123 Home Avenue Towncenter, KS 67201				15 Recipient's country of residence for tax purposes Belgium			16 Country code BE		
				17 NONQUALIFIED INTERMEDIARY'S (NQI's)/FLOW-THROUGH ENTITY'S name			18 Country code		
				19 NQI's/Flow-through entity's address					
11 Recipient's account number (optional)			12 Recipient code 04						
13 RECIPIENT'S name (first name, initial, and last name), street address, city or town, province or state, and country (including postal code) Michelle Deventer Fairmont Tower, Room 216 345 Town Avenue Towncenter, KS 67201				20 NQI's/Flow-through entity's TIN, if any ▶					
				21 PAYER'S name and TIN (if different from withholding agent's)					
				22 State income tax withheld 0		23 Payer's state tax no.		24 Name of state KS	

Form **1042-S** (2001)

a Control number		OMB No. 1545-0008		Safe, accurate, FAST! Use 		Visit the IRS Web Site at www.irs.gov .	
b Employer identification number 12-3456789				1 Wages, tips, other compensation 3,200		2 Federal income tax withheld 788.00	
c Employer's name, address, and ZIP code Hometown University 123 Home Avenue Towncenter, KS 67201				3 Social security wages 0		4 Social security tax withheld 0	
				5 Medicare wages and tips 0		6 Medicare tax withheld 0	
				7 Social security tips		8 Allocated tips	
d Employee's social security number 234-56-7890				9 Advance EIC payment		10 Dependent care benefits	
e Employee's first name and initial Last name Michelle Deventer Fairmont Tower, Room 216 345 Town Avenue Townecenter, KS 67201				11 Nonqualified plans		12a See instructions for box 12	
				13 Statutory employee Retirement plan Third-party sick pay <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		12b	
				14 Other		12c	
						12d	
f Employee's address and ZIP code							
15 State	Employer's state ID number	16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax	20 Locality name	
KS	K9123456789	3,200.00	78.80				

Form **W-2** Wage and Tax Statement

2001

Department of the Treasury—Internal Revenue Service

Copy B To Be Filed with Employee's FEDERAL Tax Return.
This information is being furnished to the Internal Revenue Service.

**U.S. Income Tax Return for Certain
Nonresident Aliens With No Dependents****2001**

Please print or type.	Your first name and initial Michelle		Last name Deventer		Identifying number (see page 3) 234-56-7890	
	Present home address (number, street, and apt. no., or rural route). If a P.O. box, see page 3. Fairmont Tower, Room 216, 345 Town Avenue					
	City, town or post office, state, and ZIP code. If a foreign address, see page 3. Townecenter, KS 67201					
	Country ► U.S.					
	Of what country were you a citizen or national during 2001? ► Belgium					
Attach Form(s) W-2 here. Enclose, but do not attach, any payment.	Give address outside the United States to which you want any refund check mailed. If same as above, write "Same." Same			Give address in the country where you are a permanent resident . If same as above, write "Same." Parents' Address		
	Filing status (see page 3). Check only one box. 1 <input type="checkbox"/> Single nonresident alien 2 <input type="checkbox"/> Married nonresident alien					
	3 Wages, salaries, tips, etc. Attach Form(s) W-2 (see page 3)				3	
	4 Taxable refunds, credits, or offsets of state and local income taxes (see page 4)				4	
	5 Scholarship and fellowship grants. Attach explanation (see page 4)				5	
	6 Total wages and scholarships exempt by a treaty from page 2, Item J				6	
	7 Add lines 3, 4, and 5				7	
	8 Student loan interest deduction (see page 4)				8	
	9 Scholarship and fellowship grants excluded (see page 4)				9	
	10 Adjusted gross income. Subtract the sum of line 8 and line 9 from line 7				10	
11 Itemized deductions. Enter state and local income taxes paid. Residents of India, see page 4				11		
12 Subtract line 11 from line 10				12		
13 Exemption deduction (see page 5)				13		
14 Taxable income. Subtract line 13 from line 12				14		
15 Tax. Find your tax in the Tax Table on pages 8-12				15		
16 Social security and Medicare tax on tip income not reported to employer. Attach Form 4137				16		
17 Add lines 15 and 16. This is your total tax				17		
18 Federal income tax withheld (from Form W-2 and/or Form 1042-S)				18		
19 2001 estimated tax payments and amount applied from 2000 return				19		
20 Credit for amount paid with Form 1040-C				20		
21 Add lines 18 through 20. These are your total payments				21		
Refund Direct deposit? See page 5 and fill in 23b, 23c, and 23d.	22 If line 21 is more than line 17, subtract line 17 from line 21. This is the amount you overpaid				22	
	23a Amount of line 22 you want refunded to you				23a	
b Routing number				c Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings		
d Account number						
24 Amount of line 22 you want applied to your 2002 estimated tax				24		
Amount You Owe	25 Amount you owe. Subtract line 21 from line 17. For details on how to pay, see page 6				25	
	26 Estimated tax penalty (see page 6). Also include on line 25				26	
Third Party Designee	Do you want to allow another person to discuss this return with the IRS (see page XX)? <input type="checkbox"/> Yes. Complete the following. <input type="checkbox"/> No					
	Designee's name		Phone no.		Personal identification number (PIN)	
Sign Here Keep a copy of this return for your records.	Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and accurately list all amounts and sources of U.S. source income I received during the tax year. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.					
	Your signature		Date		Your occupation in the United States	
Paid Preparer's Use Only	Preparer's signature		Date		Preparer's SSN or PTIN	
	Firm's name (or yours if self-employed), address, and ZIP code		EIN		Check if self-employed <input type="checkbox"/>	
			Phone no.			

Other Information (If an item does not apply to you, enter "N/A.")

- A** What country issued your passport?
- B** Were you ever a U.S. citizen? ☐ Yes ☐ No
- C** Give the purpose of your visit to the United States ►
-
- D** Type of entry visa and visa number ►
and type of current visa ►
- E** Date you first entered the United States ►
- F** Did you give up your permanent residence as an immigrant in the United States this year? ☐ Yes ☐ No
- G** Dates you entered and left the United States during the year. Residents of Canada or Mexico entering and leaving the United States at frequent intervals, give name of country only. ►
-
-
- H** Give number of days (including vacation and nonworkdays) you were present in the United States during 1999, 2000, and 2001
- I** Did you file a U.S. income tax return for any year before 2001? ☐ Yes ☐ No
If "Yes," give the latest year and form number ►
- J** If you are claiming the benefits of a U.S. income tax treaty with a foreign country, give the following information. See page 6 for additional information.
- Country ►
 - Type and amount of income exempt from tax and the applicable tax treaty article. Enter treaty-exempt income for 2001 below and on line 6; not on line 3 or 5.
For 2001 ►
 -
 - For 2000 ►
 -
 -
 - Were you subject to tax in that country on any of the income that you claim is entitled to the treaty benefits? ☐ Yes ☐ No
- K** During 2001, did you apply for, or take any affirmative steps to apply for, lawful permanent resident status in the United States or have an application pending to adjust your status to that of a lawful permanent resident of the United States? ☐ Yes ☐ No
If "Yes," explain ►
-




COMPREHENSIVE PROBLEM 2

Determine what type of return that Sue from Malaysia should file. She is single and 26 years old. She entered the U.S. on an F-1 visa on August 1, 1995. She has been a full-time student at the local university since then. She began working on January 2, 1997 in the campus bookstore. In 2001, her W-2 shows that she earned \$5,200 and no income tax was withheld. Her Social Security card says that it is not valid for employment.

Is she a resident or a nonresident for tax purposes?

COMPREHENSIVE PROBLEM 3

Kiwal from Malaysia entered the U.S. on August 1, 1997 on an F-1 visa number 2323423. He is a full time student at the local university and has not left the country since he arrived here. He is single and 27 years old. He started to work in the cafeteria in 1998. Last year and this year, he received the same amount of income. He tells you that he did not file a 2000 return because he didn't know how. Using the W-2 form below, prepare his 1040NR-EZ for 2001. Should he file a return for 2000 also?

a Control number		OMB No. 1545-0008		Safe, accurate, FAST! Use  Visit the IRS Web Site at www.irs.gov .	
b Employer identification number 12-9876543		1 Wages, tips, other compensation 4,100.00		2 Federal income tax withheld 400.00	
c Employer's name, address, and ZIP code Delicious Enterprises P.O. Box 98 Superville, IL 53102		3 Social security wages 0		4 Social security tax withheld 0	
		5 Medicare wages and tips 0		6 Medicare tax withheld 0	
		7 Social security tips 0		8 Allocated tips 0	
d Employee's social security number 890-12-3456		9 Advance EIC payment		10 Dependent care benefits	
e Employee's first name and initial Last name Kiwal Chee 678 Easy Street Superville, IL 53102		11 Nonqualified plans		12a See instructions for box 12	
		13 Statutory employee Retirement plan Third-party sick pay <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		12b	
		14 Other		12c	
				12d	
f Employee's address and ZIP code					
15 State Employer's state ID number K 345678921	16 State wages, tips, etc.	17 State income tax 40.00	18 Local wages, tips, etc.	19 Local income tax	20 Locality name

Form **W-2** Wage and Tax Statement

2001

Department of the Treasury—Internal Revenue Service

Copy B To Be Filed with Employee's FEDERAL Tax Return.
This information is being furnished to the Internal Revenue Service.


Other Information (If an item does not apply to you, enter "N/A.")

- A** What country issued your passport?
- B** Were you ever a U.S. citizen? ☐ Yes ☐ No
- C** Give the purpose of your visit to the United States ►
.....
.....
- D** Type of entry visa and visa number ►
and type of current visa ►
- E** Date you first entered the United States ►
- F** Did you give up your permanent residence as an immigrant in the United States this year? ☐ Yes ☐ No
- G** Dates you entered and left the United States during the year. Residents of Canada or Mexico entering and leaving the United States at frequent intervals, give name of country only. ►
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.....
- H** Give number of days (including vacation and nonworkdays) you were present in the United States during 1999, 2000, and 2001
- I** Did you file a U.S. income tax return for any year before 2001? ☐ Yes ☐ No
If "Yes," give the latest year and form number ►
- J** If you are claiming the benefits of a U.S. income tax treaty with a foreign country, give the following information. See page 6 for additional information.
- Country ►
 - Type and amount of income exempt from tax and the applicable tax treaty article. Enter treaty-exempt income for 2001 below and on line 6; not on line 3 or 5.
For 2001 ►
.....
.....
.....
For 2000 ►
.....
.....
.....
 - Were you subject to tax in that country on any of the income that you claim is entitled to the treaty benefits? ☐ Yes ☐ No
- K** During 2001, did you apply for, or take any affirmative steps to apply for, lawful permanent resident status in the United States or have an application pending to adjust your status to that of a lawful permanent resident of the United States? ☐ Yes ☐ No
If "Yes," explain ►
.....



COMPREHENSIVE PROBLEM 4

Lee Cheng is a single 26 year old student from the Peoples Republic of China. He entered the U.S. on January 2, 2000 on an F-1 visa. Even though he started to work at the campus security office in 2000, he has remained a full time student. When he started his job, he did not know about Form 8233. When he filed his 2000 return he received a large refund. In June 2001, he gave the payroll office a Form 8233, claiming the China treaty benefit so he would not have as much federal withholding this year. Using the following forms, complete his 2001 tax return.

a Control number		OMB No. 1545-0008		Safe, accurate, FAST! Use 		Visit the IRS Web Site at www.irs.gov .	
b Employer identification number 12-5678903				1 Wages, tips, other compensation 3,000.00		2 Federal income tax withheld 475.00	
c Employer's name, address, and ZIP code Ranger University 385 Colt St. Gunsmoke, TX 69788				3 Social security wages		4 Social security tax withheld	
				5 Medicare wages and tips		6 Medicare tax withheld	
				7 Social security tips		8 Allocated tips	
d Employee's social security number 321-65-4987				9 Advance EIC payment		10 Dependent care benefits	
e Employee's first name and initial Last name Lee Cheng 485 Colt St., Apt. 3 Gunsmoke, TX 69788				11 Nonqualified plans		12a See instructions for box 12	
				13 Statutory employee Retirement plan Third-party sick pay <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		12b	
				14 Other		12c	
						12d	
f Employee's address and ZIP code							
15 State	Employer's state ID number	16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax	20 Locality name	

Form W-2 Wage and Tax Statement **2001** Department of the Treasury—Internal Revenue Service

Copy B To Be Filed with Employee's FEDERAL Tax Return.
This information is being furnished to the Internal Revenue Service.

**Foreign Person's U.S. Source Income
Subject to Withholding**

2001

OMB No. 1545-0096

Copy B
for Recipient

1 Income code 19	2 Gross income 3,500	3 Withholding allowances	4 Net income 3,500	5 Tax rate	6 Exemption code 01	7 U.S. Federal tax withheld	8 Amount repaid to recipient
9 Withholding agent's EIN ▶ 12-5678903 <input type="checkbox"/> EIN <input type="checkbox"/> QI-EIN				14 Recipient's U.S. TIN, if any ▶ 321-65-4987 <input type="checkbox"/> SSN or ITIN <input type="checkbox"/> EIN <input type="checkbox"/> QI-EIN			
10 WITHHOLDING AGENT'S name and address (including ZIP code) Ranger University 385 Colt St. Gunsmoke, TX 69788				15 Recipient's country of residence for tax purposes China		16 Country code CH	
				17 NONQUALIFIED INTERMEDIARY'S (NQI's)/ FLOW-THROUGH ENTITY'S name		18 Country code	
				19 NQI's/Flow-through entity's address			
11 Recipient's account number (optional)			12 Recipient code 01				
13 RECIPIENT'S name (first name, initial, and last name), street address, city or town, province or state, and country (including postal code) Lee Cheng 485 Colt St., Apt. 3 Gunsmoke, TX 69788				20 NQI's/Flow-through entity's TIN, if any ▶			
				21 PAYER'S name and TIN (if different from withholding agent's)			
				22 State income tax withheld	23 Payer's state tax no.	24 Name of state	

Form **1042-S** (2001)

**U.S. Income Tax Return for Certain
Nonresident Aliens With No Dependents****2001**

Please print or type.	Your first name and initial Lee	Last name Cheng	Identifying number (see page 3) 321-65-4987
	Present home address (number, street, and apt. no., or rural route). If a P.O. box, see page 3. 485 Colt St., Apt. 3		
	City, town or post office, state, and ZIP code. If a foreign address, see page 3. Gunsmoke, TX 69788		
	Country ▶ U.S.		
	Of what country were you a citizen or national during 2001? ▶ China		
	Give address outside the United States to which you want any refund check mailed. If same as above, write "Same." Same	Give address in the country where you are a permanent resident . If same as above, write "Same." Parents' Address	
	Filing status (see page 3). Check only one box. 1 <input type="checkbox"/> Single nonresident alien 2 <input type="checkbox"/> Married nonresident alien		
Attach Form(s) W-2 here. Enclose, but do not attach, any payment.	3 Wages, salaries, tips, etc. Attach Form(s) W-2 (see page 3)	3	
	4 Taxable refunds, credits, or offsets of state and local income taxes (see page 4)	4	
	5 Scholarship and fellowship grants. Attach explanation (see page 4)	5	
	6 Total wages and scholarships exempt by a treaty from page 2, Item J	6	
	7 Add lines 3, 4, and 5	7	
	8 Student loan interest deduction (see page 4)	8	
	9 Scholarship and fellowship grants excluded (see page 4)	9	
	10 Adjusted gross income. Subtract the sum of line 8 and line 9 from line 7	10	
	11 Itemized deductions. Enter state and local income taxes paid. Residents of India, see page 4	11	
	12 Subtract line 11 from line 10	12	
	13 Exemption deduction (see page 5)	13	
	14 Taxable income. Subtract line 13 from line 12	14	
Refund Direct deposit? See page 5 and fill in 23b, 23c, and 23d.	15 Tax. Find your tax in the Tax Table on pages 8-12	15	
	16 Social security and Medicare tax on tip income not reported to employer. Attach Form 4137	16	
	17 Add lines 15 and 16. This is your total tax	17	
	18 Federal income tax withheld (from Form W-2 and/or Form 1042-S)	18	
	19 2001 estimated tax payments and amount applied from 2000 return	19	
	20 Credit for amount paid with Form 1040-C	20	
	21 Add lines 18 through 20. These are your total payments	21	
	22 If line 21 is more than line 17, subtract line 17 from line 21. This is the amount you overpaid	22	
Amount You Owe	23a Amount of line 22 you want refunded to you	23a	
	b Routing number 1010000000 c Type: <input checked="" type="checkbox"/> Checking <input type="checkbox"/> Savings		
	d Account number 200000000001		
	24 Amount of line 22 you want applied to your 2002 estimated tax	24	
	25 Amount you owe. Subtract line 21 from line 17. For details on how to pay, see page 6	25	
	26 Estimated tax penalty (see page 6). Also include on line 25	26	
	Third Party Designee Do you want to allow another person to discuss this return with the IRS (see page XX)? <input type="checkbox"/> Yes. Complete the following. <input type="checkbox"/> No Designee's name _____ Phone no. () _____ Personal identification number (PIN) 1 2 3 4 5		
Sign Here Keep a copy of this return for your records.	Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and accurately list all amounts and sources of U.S. source income I received during the tax year. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.		
	Your signature _____ Date _____ Your occupation in the United States _____		
Paid Preparer's Use Only	Preparer's signature _____ Date _____	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN _____
	Firm's name (or yours if self-employed), address, and ZIP code _____	EIN _____	Phone no. () _____

For Disclosure and Paperwork Reduction Act Notices, see page 12 of instructions.

Cat. No. 21534N

Form **1040NR-EZ** (2001)

Other Information (If an item does not apply to you, enter "N/A.")

- A** What country issued your passport?
- B** Were you ever a U.S. citizen? ☐ Yes ☐ No
- C** Give the purpose of your visit to the United States ►
-
- D** Type of entry visa and visa number ►
and type of current visa ►
- E** Date you first entered the United States ►
- F** Did you give up your permanent residence as an immigrant in the United States this year? ☐ Yes ☐ No
- G** Dates you entered and left the United States during the year. Residents of Canada or Mexico entering and leaving the United States at frequent intervals, give name of country only. ►
-
-
-
- H** Give number of days (including vacation and nonworkdays) you were present in the United States during 1999, 2000, and 2001
- I** Did you file a U.S. income tax return for any year before 2001? ☐ Yes ☐ No
If "Yes," give the latest year and form number ►
- J** If you are claiming the benefits of a U.S. income tax treaty with a foreign country, give the following information. See page 6 for additional information.
- Country ►
 - Type and amount of income exempt from tax and the applicable tax treaty article. Enter treaty-exempt income for 2001 below and on line 6; not on line 3 or 5.
For 2001 ►
 -
 - For 2000 ►
 -
 -
 - Were you subject to tax in that country on any of the income that you claim is entitled to the treaty benefits? ☐ Yes ☐ No
- K** During 2001, did you apply for, or take any affirmative steps to apply for, lawful permanent resident status in the United States or have an application pending to adjust your status to that of a lawful permanent resident of the United States? ☐ Yes ☐ No
If "Yes," explain ►
-




COMPREHENSIVE PROBLEM 5

Henry from Belgium is single and 26 years old. He entered the U.S. on August 1, 1995 on an F-1 visa. In May of 1997, he graduated and returned to Belgium. On August 1, 2001 he reentered the U.S. on a J-1 visa to teach at the local university for two years.

For tax purposes, is Henry a resident or non-resident alien and why?

COMPREHENSIVE PROBLEM 6

Mahatma Ratna from India is 26 and married. He entered the U.S. on August 1, 1998 on an F-1 visa. His wife had some gross income from U.S. investments. While he was a full-time student, he earned money in the school newspaper office. His W-2 is shown below. Complete his Form 1040NR-EZ. Does his wife need to file?

a Control number		OMB No. 1545-0008		Safe, accurate, FAST! Use  Visit the IRS Web Site at www.irs.gov	
b Employer identification number 12-1111111		1 Wages, tips, other compensation 7,800		2 Federal income tax withheld 970.00	
c Employer's name, address, and ZIP code Snowman University 890 Blustry Rd. Winter Park, ND 87633		3 Social security wages 0		4 Social security tax withheld 0	
		5 Medicare wages and tips 0		6 Medicare tax withheld 0	
		7 Social security tips		8 Allocated tips	
d Employee's social security number 023-456-7891		9 Advance EIC payment		10 Dependent care benefits	
e Employee's first name and initial Last name Mahatma Ratna 731 S. Fort St. Winter Park, ND 87633		11 Nonqualified plans		12a See instructions for box 12	
		13 Statutory employee Retirement plan Third-party sick pay <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		12b	
		14 Other		12c	
				12d	
f Employee's address and ZIP code					
15 State ND	Employer's state ID number 8121111111	16 State wages, tips, etc. 7,800.00	17 State income tax 97.00	18 Local wages, tips, etc.	19 Local income tax
				20 Locality name	

Form W-2 Wage and Tax Statement **2001** Department of the Treasury—Internal Revenue Service

Copy B To Be Filed with Employee's FEDERAL Tax Return.
This information is being furnished to the Internal Revenue Service.

Other Information (If an item does not apply to you, enter "N/A.")

- A** What country issued your passport?
- B** Were you ever a U.S. citizen? ☐ Yes ☐ No
- C** Give the purpose of your visit to the United States ►
.....
.....
- D** Type of entry visa and visa number ►
and type of current visa ►
- E** Date you first entered the United States ►
- F** Did you give up your permanent residence as an immigrant in the United States this year? ☐ Yes ☐ No
- G** Dates you entered and left the United States during the year. Residents of Canada or Mexico entering and leaving the United States at frequent intervals, give name of country only. ►
.....
.....
.....
.....
- H** Give number of days (including vacation and nonworkdays) you were present in the United States during 1999, 2000, and 2001
- I** Did you file a U.S. income tax return for any year before 2001? ☐ Yes ☐ No
If "Yes," give the latest year and form number ►
- J** If you are claiming the benefits of a U.S. income tax treaty with a foreign country, give the following information. See page 6 for additional information.
- Country ►
 - Type and amount of income exempt from tax and the applicable tax treaty article. Enter treaty-exempt income for 2001 below and on line 6; not on line 3 or 5.
For 2001 ►
.....
.....
For 2000 ►
.....
.....
 - Were you subject to tax in that country on any of the income that you claim is entitled to the treaty benefits? ☐ Yes ☐ No
- K** During 2001, did you apply for, or take any affirmative steps to apply for, lawful permanent resident status in the United States or have an application pending to adjust your status to that of a lawful permanent resident of the United States? ☐ Yes ☐ No
If "Yes," explain ►
.....



COMPREHENSIVE PROBLEM 7

Sinju Khadori is a married student from India. Her husband had a small amount of gross income. She obtained INS permission to work off-campus at Pizza Hut. Her employer withheld Social Security and Medicare taxes from her wages and tips.

Is she entitled to a refund of these taxes? _____

Should she talk to her employer about this? _____


If the employer refuses to help her, what form should she file if she is entitled to a refund?

What should she include with the form?

COMPREHENSIVE PROBLEM 8

Ramesh Patel is from India and is married to Sudha. They entered the U.S. on August 1, 1998 on F-1 and F-2 visas respectively. They have three children, Dhiraj born in 1994, Hasmuth, born in 1997, and Nayan, born in the U.S. in 2000. Sudha had no gross income from U.S. sources. While Ramesh was a full-time student, he earned money as a graduate assistant as well as tutoring high school students for a private school. His W-2s are shown below. Complete his Form 1040NR.

Since he had Social Security and Medicare taxes withheld, he will also file Form 843. The answer to this problem contains his completed 843.


a Control number		OMB No. 1545-0008		Safe, accurate, FAST! Use  Visit the IRS Web Site at www.irs.gov .	
b Employer identification number 22-6565656		1 Wages, tips, other compensation 4,000.00		2 Federal income tax withheld 310.00	
c Employer's name, address, and ZIP code University of Hard Knocks 1000 Rocky Rd. Haven, AL 23456		3 Social security wages 0		4 Social security tax withheld 0	
		5 Medicare wages and tips 0		6 Medicare tax withheld 0	
		7 Social security tips		8 Allocated tips	
d Employee's social security number 654-32-1987		9 Advance EIC payment		10 Dependent care benefits	
e Employee's first name and initial Last name Ramesh Patel 2000 Smooth St. Haven, AL 23456		11 Nonqualified plans		12a See instructions for box 12	
		13 Statutory employee Retirement plan Third-party sick pay <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		12b	
		14 Other		12c	
				12d	
f Employee's address and ZIP code					
15 State AL	Employer's state ID number A656565	16 State wages, tips, etc. 4,000.00	17 State income tax 62.00	18 Local wages, tips, etc.	19 Local income tax
				20 Locality name	

Form **W-2** Wage and Tax Statement

2001

Department of the Treasury—Internal Revenue Service

Copy B To Be Filed with Employee's FEDERAL Tax Return.
This information is being furnished to the Internal Revenue Service.

a Control number		OMB No. 1545-0008		Safe, accurate, FAST! Use  Visit the IRS Web Site at www.irs.gov .	
b Employer identification number 22-3216549		1 Wages, tips, other compensation 5,200.00		2 Federal income tax withheld 0	
c Employer's name, address, and ZIP code Rich Prep School 1000 Easy St. Haven, AL 23456		3 Social security wages 5,200.00		4 Social security tax withheld 322.40	
		5 Medicare wages and tips 5,200.00		6 Medicare tax withheld 75.40	
		7 Social security tips		8 Allocated tips	
d Employee's social security number 654-32-1987		9 Advance EIC payment		10 Dependent care benefits	
e Employee's first name and initial Last name Ramesh Patel 2000 Smooth St. Haven, AL 23456		11 Nonqualified plans		12a See instructions for box 12	
		13 Statutory employee Retirement plan Third-party sick pay <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		12b	
		14 Other		12c	
				12d	
f Employee's address and ZIP code					
15 State AL	Employer's state ID number A321654	16 State wages, tips, etc. 3,900.00	17 State income tax 30.00	18 Local wages, tips, etc.	19 Local income tax
				20 Locality name	

Form **W-2** Wage and Tax Statement

2001

Department of the Treasury—Internal Revenue Service

Copy B To Be Filed with Employee's FEDERAL Tax Return.
This information is being furnished to the Internal Revenue Service.

U.S. Nonresident Alien Income Tax Return

For the year January 1–December 31, 2000, or other tax year

OMB No. 1545-0089

2000

beginning

, 2000, and ending

, 20

Please print or type.

Your first name and initial Ramesh	Last name Patel	Identifying number (see page 5 of inst.) 654-321987
Present home address (number, street, and apt. no., or rural route). If you have a P.O. box, see page 5. 2000 Smooth St.		Check if: <input checked="" type="checkbox"/> Individual <input type="checkbox"/> Estate or Trust
City, town or post office, state, and ZIP code. If you have a foreign address, see page 5. Haven, AL 23456		For Disclosure and Paperwork Reduction Act Notice, see page 18.
Country U.S.	Of what country were you a citizen or national during the tax year? India	
Give address outside the United States to which you want any refund check mailed. If same as above, write "Same." Same		Give address in the country where you are a permanent resident . If same as above, write "Same." Address in India

Filing Status and Exemptions for Individuals (See page 6.)

Filing status. Check only one box (1–6 below).	7a Yourself	7b Spouse
1 <input type="checkbox"/> Single resident of Canada or Mexico, or a single U.S. national		
2 <input type="checkbox"/> Other single nonresident alien		
3 <input type="checkbox"/> Married resident of Canada or Mexico, or a married U.S. national		
4 <input type="checkbox"/> Married resident of Japan or the Republic of Korea		
5 <input type="checkbox"/> Other married nonresident alien		
6 <input type="checkbox"/> Qualifying widow(er) with dependent child (year spouse died ▶). (See page 6.)		

Caution: Do not check box 7a if your parent (or someone else) can claim you as a dependent.
Do not check box 7b if your spouse had any U.S. gross income.

7c Dependents:*		(2) Dependent's identifying number	(3) Dependent's relationship to you	(4) <input checked="" type="checkbox"/> if qualifying child for child tax credit (see page 6)
(1) First name	Last name			<input type="checkbox"/>
				<input type="checkbox"/>
				<input type="checkbox"/>
				<input type="checkbox"/>
				<input type="checkbox"/>

No. of boxes checked on 7a and 7b **▶**

No. of your children on 7c who:

*lived with you **▶****did not live with you due to divorce or separation **▶****Dependents on 7c not entered above **▶**Add numbers entered on lines above **▶**

*Applies generally only to residents of Canada, Mexico, Japan, and the Republic of Korea and to U.S. nationals. (See page 6.)

**Applies generally only to residents of Canada and Mexico and to U.S. nationals. (See page 6.)

d Total number of exemptions claimed

Enclose, but do not attach, any payment.

Income Effectively Connected With U.S. Trade/Business		8	9a	9b	10	11	12	13	14	15	16a	16b	17a	17b	18	19	20	21	22	23
8	Wages, salaries, tips, etc. Attach Form(s) W-2																			
9a	Taxable interest																			
b	Tax-exempt interest. Do not include on line 9a																			
10	Ordinary dividends																			
11	Taxable refunds, credits, or offsets of state and local income taxes (see page 7)																			
12	Scholarship and fellowship grants. Attach explanation (see page 7)																			
13	Business income or (loss). Attach Schedule C or C-EZ (Form 1040)																			
14	Capital gain or (loss). Attach Schedule D (Form 1040) if required. If not required, check here <input type="checkbox"/>																			
15	Other gains or (losses). Attach Form 4797																			
16a	Total IRA distributions																			
17a	Total pensions and annuities																			
18	Rental real estate, royalties, partnerships, trusts, etc. Attach Schedule E (Form 1040)																			
19	Farm income or (loss). Attach Schedule F (Form 1040)																			
20	Unemployment compensation																			
21	Other income. List type and amount (see page 9)																			
22	Total income exempt by a treaty from page 5, Item M																			
23	Add lines 8, 9a, 10–15, 16b, and 17b–21. This is your total effectively connected income . ▶																			
24	IRA deduction (see page 9)																			
25	Student loan interest deduction (see page 9)																			
26	Medical savings account deduction. Attach Form 8853																			
27	Moving expenses. Attach Form 3903																			
28	Self-employed health insurance deduction (see page 10)																			
29	Self-employed SEP, SIMPLE, and qualified plans																			
30	Penalty on early withdrawal of savings																			
31	Scholarship and fellowship grants excluded																			
32	Add lines 24 through 31																			
33	Subtract line 32 from line 23. Enter here and on line 34. This is your adjusted gross income . ▶																			

Tax and Credits	34	Amount from line 33 (adjusted gross income)	34		
	35	Itemized deductions from page 3, Schedule A, line 17	35		
	36	Subtract line 35 from line 34	36		
	37	Exemptions (see page 11)	37		
	38	Taxable income. Subtract line 37 from line 36. If line 37 is more than line 36, enter -0-	38		
	39	Tax (see page 11). Check if any tax is from a <input type="checkbox"/> Form(s) 8814 b <input type="checkbox"/> Form 4972.	39		
	40	Alternative minimum tax. Attach Form 6251	40		
	41	Add lines 39 and 40	41		
	42	Foreign tax credit. Attach Form 1116 if required	42		
	43	Credit for child and dependent care expenses. Attach Form 2441	43		
Other Taxes	44	Child tax credit (see page 12)	44		
	45	Adoption credit. Attach Form 8839	45		
	46	Other. Check if from a <input type="checkbox"/> Form 3800 b <input type="checkbox"/> Form 8396 c <input type="checkbox"/> Form 8801 d <input type="checkbox"/> Form (specify)	46		
	47	Add lines 42 through 46. These are your total credits	47		
	48	Subtract line 47 from line 41. If line 47 is more than line 41, enter -0-	48		
	49	Tax on income not effectively connected with a U.S. trade or business from page 4, line 83	49		
	50	Social security and Medicare tax on tip income not reported to employer. Attach Form 4137	50		
	51	Tax on IRAs, other retirement plans, and MSAs. Attach Form 5329 if required	51		
	52	Transportation tax (see page 13)	52		
	53	Household employment taxes. Attach Schedule H (Form 1040)	53		
Payments	54	Add lines 48 through 53. This is your total tax	54		
	55	Federal income tax withheld from Forms W-2, 1099, 1042-S, etc.	55		
	56	2000 estimated tax payments and amount applied from 1999 return	56		
	57	Excess social security and RRTA tax withheld (see page 13)	57		
	58	Additional child tax credit. Attach Form 8812	58		
	59	Amount paid with Form 4868 (request for extension)	59		
	60	Other payments. Check if from a <input type="checkbox"/> Form 2439 b <input type="checkbox"/> Form 4136	60		
	61	Credit for amount paid with Form 1040-C	61		
	62	U.S. tax withheld at source:	62a		
	62b	a From page 4, line 80	62b		
Refund	63	b By partnerships under section 1446 (from Form(s) 8805 or 1042-S)	63a		
	63b	U.S. tax withheld on dispositions of U.S. real property interests:	63b		
	64	a From Form(s) 8288-A	64		
	64	b From Form(s) 1042-S	64		
	65	Add lines 55 through 63b. These are your total payments	65		
	66a	If line 64 is more than line 54, subtract line 54 from line 64. This is the amount you overpaid .	66a		
	66b	Amount of line 65 you want refunded to you . If you want it directly deposited, see page 14 and fill in 66b, c, and d	66b		
	66c	b Routing number	66c		
	66d	c Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings	66d		
	66e	d Account number	66e		
Amount You Owe	67	Amount of line 65 you want applied to your 2001 estimated tax	67		
	68	If line 54 is more than line 64, subtract line 64 from line 54. This is the amount you owe . For details on how to pay, including what to write on your payment, see page 14	68		
Sign Here	69	Estimated tax penalty. Also include on line 68	69		
	Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.				
Paid Preparer's Use Only	Your signature		Your occupation in the United States		
	Date		May the IRS discuss this return with the preparer shown below (see page 17)? <input type="checkbox"/> Yes <input type="checkbox"/> No		
Preparer's Use Only	Preparer's signature		Date		
	Firm's name (or yours if self-employed), address, and ZIP code		Preparer's SSN or PTIN		
		Check if self-employed <input type="checkbox"/>		EIN	
		Phone no.		()	

Schedule A—Itemized Deductions (See pages 14, 15, and 16.)

07

State and Local Income Taxes	1	State income taxes	1				
	2	Local income taxes	2				
	3	Add lines 1 and 2				3	
Gifts to U.S. Charities		Caution: If you made a gift and received a benefit in return, see page 15.					
	4	Gifts by cash or check. If you made any gift of \$250 or more, see page 15.	4				
	5	Other than by cash or check. If you made any gift of \$250 or more, see page 15. You must attach Form 8283 if "the amount of your deduction" (see definition on page 15) is more than \$500	5				
	6	Carryover from prior year	6				
	7	Add lines 4 through 6				7	
Casualty and Theft Losses	8	Casualty or theft loss(es). Attach Form 4684				8	
Job Expenses and Most Other Miscellaneous Deductions	9	Unreimbursed employee expenses—job travel, union dues, job education, etc. You must attach Form 2106 or Form 2106-EZ if required. See page 15 ▶	9				
	10	Tax preparation fees	10				
	11	Other expenses. See page 16 for expenses to deduct here. List type and amount ▶	11				
	12	Add lines 9 through 11	12				
	13	Enter the amount from Form 1040NR, line 34. 13					
	14	Multiply line 13 by 2% (.02)	14				
	15	Subtract line 14 from line 12. If line 14 is more than line 12, enter -0-				15	
Other Miscellaneous Deductions	16	Other—certain expenses of disabled employees, estate tax on income of decedent, etc. List type and amount ▶					
						16	
Total Itemized Deductions	17	Is Form 1040NR, line 34, over \$128,950 (over \$64,475 if you checked filing status box 3, 4, or 5 on page 1 of Form 1040NR)? No. Your deduction is not limited. Add the amounts in the far right column for lines 3 through 16. Also enter this amount on Form 1040NR, line 35. Yes. Your deduction may be limited. See page 16 for the amount to enter here and on Form 1040NR, line 35.				17	

Form **1040NR** (2000)

Tax on Income Not Effectively Connected With a U.S. Trade or Business

Attach Forms 1042-S, SSA-1042S, RRB-1042S, 1001 or similar form.

Nature of income	(a) U.S. tax withheld at source	Enter amount of income under the appropriate rate of tax (see pages 16 and 17)			(e) Other (specify) _____ %
		(b) 10%	(c) 15%	(d) 30%	
70 Dividends paid by:					
a U.S. corporations	70a				
b Foreign corporations	70b				
71 Interest:					
a Mortgage	71a				
b Paid by foreign corporations	71b				
c Other	71c				
72 Industrial royalties (patents, trademarks, etc.)	72				
73 Motion picture or T.V. copyright royalties	73				
74 Other royalties (copyrights, recording, publishing, etc.)	74				
75 Real property income and natural resources royalties	75				
76 Pensions and annuities	76				
77 Social security benefits	77				
78 Gains (include capital gain from line 86 below)	78				
79 Other (specify) _____	79				
80 Total U.S. tax withheld at source. Add column (a) of lines 70a through 79. Enter the total here and on Form 1040NR, line 62a	80				
81 Add lines 70a through 79 in columns (b)–(e)	81				
82 Multiply line 81 by rate of tax at top of each column	82				
83 Tax on income not effectively connected with a U.S. trade or business. Add columns (b)–(e) of line 82. Enter the total here and on Form 1040NR, line 49	83				

Capital Gains and Losses From Sales or Exchanges of Property

84 (a) Kind of property and description (if necessary, attach statement of descriptive details not shown below)	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Sales price	(e) Cost or other basis	(f) LOSS If (e) is more than (d), subtract (d) from (e)	(g) GAIN If (d) is more than (e), subtract (e) from (d)
85 Add columns (f) and (g) of line 84				85 ()		
86 Capital gain. Combine columns (f) and (g) of line 85. Enter the net gain here and on line 78 above (if a loss, enter -0-)					86	

Other Information (If an item does not apply to you, enter "N/A.")**A** What country issued your passport?**B** Were you ever a U.S. citizen? ☐ Yes ☐ No**C** Give the purpose of your visit to the United States ▶**D** Type of entry visa and visa number ▶
and type of current visa and date
of change ▶**E** Date you first entered the United States ▶**F** Did you give up your permanent
residence as an immigrant in the United
States this year? ☐ Yes ☐ No**G** Dates you entered and left the United States during the
year. Residents of Canada or Mexico entering and leaving
the United States at frequent intervals, give name of country
only. ▶**H** Give number of days (including vacation and nonwork
days) you were present in the United States during:
1998, 1999, and 2000**I** If you are a resident of Canada, Mexico,
Japan, or the Republic of Korea, or a U.S.
national, did your spouse contribute to the
support of any child claimed on Form
1040NR, line 7c? ☐ Yes ☐ No
If "Yes," enter amount ▶ \$

If you were a resident of Japan or the Republic of Korea
for any part of the tax year, enter in the space below your
total foreign source income not effectively connected with
a U.S. trade or business. This information is needed so that
the exemption for your spouse and dependents residing in
the United States (if applicable) may be allowed in
accordance with Article 4 of the income tax treaties
between the United States and Japan or the United States
and the Republic of Korea.

Total foreign source income not effectively connected
with a U.S. trade or business ▶ \$

J Did you file a U.S. income tax return for
any year before 2000? ☐ Yes ☐ No
If "Yes," give the latest year and form number ▶**K** To which Internal Revenue office did you pay any amounts
claimed on Form 1040NR, lines 56, 59, and 61?**L** Have you excluded any gross income other
than foreign source income not effectively
connected with a U.S. trade or business? . ☐ Yes ☐ No

If "Yes," show the amount, nature, and source of the
excluded income. Also, give the reason it was excluded.
(Do not include amounts shown in item M.) ▶

M If you are claiming the benefits of a U.S. income tax treaty
with a foreign country, give the following information. See
page 17 for additional information.

• Country ▶

• Type and amount of effectively connected income exempt
from tax. Also, identify the applicable tax treaty article. Do
not enter exempt income on lines 8–15, 16b, and 17b–21
of Form 1040NR:

For 2000 (also, include this exempt income on
line 22 of Form 1040NR) ▶

For 1999 ▶

• Type and amount of income not effectively connected that
is exempt from or subject to a reduced rate of tax. Also,
identify the applicable tax treaty article:

For 2000 ▶

For 1999 ▶

• Were you subject to tax in that country
on any of the income you claim is entitled
to the treaty benefits? ☐ Yes ☐ No

• Did you have a permanent establishment
or fixed base (as defined by the tax treaty)
in the United States at any time during
2000? ☐ Yes ☐ No

N If you file this return to report community income, give your
spouse's name, address, and identifying number.
.....**O** If you file this return for a trust, does the
trust have a U.S. business? ☐ Yes ☐ No
If "Yes," give name and address ▶**P** Is this an "expatriation return" (see
page 17)? ☐ Yes ☐ No

If "Yes," you must attach Form 8854 or
attach an explanation as to why you are
not submitting that form.

Q During 2000, did you apply for, or take
other affirmative steps to apply for, lawful
permanent resident status in the United
States or have an application pending to
adjust your status to that of a lawful
permanent resident of the United States? ☐ Yes ☐ No

If "Yes," explain ▶



APPENDIX C—PART 2

ANSWERS TO COMPREHENSIVE PROBLEMS

Comprehensive Problem 1

See the completed form.

Comprehensive Problem 2

Sue is a resident for tax purposes.

Comprehensive Problem 3

See the completed forms. He should also file a return for 2000.

Comprehensive Problem 4

See the completed forms.

Comprehensive Problem 5

Henry is a resident alien for tax purposes. During the six year period including the year 2001 and the five prior years, he had two or more years of presence in an exempt category. Therefore, he is not entitled to any additional exempt time as a teacher.

Comprehensive Problem 6

See the completed forms.

His wife needs to file a return also.

Comprehensive Problem 7

Sinju is entitled to a refund.

She should ask her employer to refund the money to her. If the employer refuses to refund the money, she should file Form 843 and attach a copy of her I-20, I-94, and W-2.

Comprehensive Problem 8

See the completed forms.

Other Information (If an item does not apply to you, enter "N/A.")

- A** What country issued your passport? Belgium
- B** Were you ever a U.S. citizen? ☐ Yes ☒ No
- C** Give the purpose of your visit to the United States ▶ Study
- D** Type of entry visa and visa number ▶ F-1-#xxxxxxx
and type of current visa ▶ Same
- E** Date you first entered the United States ▶ 8/1/1999
- F** Did you give up your permanent residence as an immigrant in the United States this year? ☐ Yes ☒ No
- G** Dates you entered and left the United States during the year. Residents of Canada or Mexico entering and leaving the United States at frequent intervals, give name of country only. ▶ N/A
- H** Give number of days (including vacation and nonworkdays) you were present in the United States during
1999 366, 2000 366, and 2001 365
- I** Did you file a U.S. income tax return for any year before 2001? ☒ Yes ☐ No
If "Yes," give the latest year and form number ▶ 2000-1040NR-EZ
- J** If you are claiming the benefits of a U.S. income tax treaty with a foreign country, give the following information. See page 6 for additional information.
- Country ▶ Belgium
 - Type and amount of income exempt from tax and the applicable tax treaty article. Enter treaty-exempt income for 2001 below and on line 6; not on line 3 or 5.
For 2001 ▶ Wages - \$2,000.00 - 21(1)
 - For 2000 ▶ Wages - \$2,000.00 - 21(1)
 - Were you subject to tax in that country on any of the income that you claim is entitled to the treaty benefits? ☐ Yes ☒ No
- K** During 2001, did you apply for, or take any affirmative steps to apply for, lawful permanent resident status in the United States or have an application pending to adjust your status to that of a lawful permanent resident of the United States? ☐ Yes ☒ No
If "Yes," explain ▶



**U.S. Income Tax Return for Certain
Nonresident Aliens With No Dependents****2001**

Please print or type.	Your first name and initial Kiwai		Last name Chee		Identifying number (see page 3) 890-12-3456	
	Present home address (number, street, and apt. no., or rural route). If a P.O. box, see page 3. 678 Easy St.					
	City, town or post office, state, and ZIP code. If a foreign address, see page 3. Superville, IL 53102					
	Country ▶ U.S.					
	Of what country were you a citizen or national during 2001? ▶ Malaysia					
	Give address outside the United States to which you want any refund check mailed. If same as above, write "Same." Same			Give address in the country where you are a permanent resident . If same as above, write "Same." Parents' Address		

Attach Form(s) W-2 here. Enclose, but do not attach, any payment.	Filing status (see page 3). Check only one box.	
	1 <input checked="" type="checkbox"/> Single nonresident alien	
	2 <input type="checkbox"/> Married nonresident alien	
	3 Wages, salaries, tips, etc. Attach Form(s) W-2 (see page 3)	3 4,100
	4 Taxable refunds, credits, or offsets of state and local income taxes (see page 4)	4
	5 Scholarship and fellowship grants. Attach explanation (see page 4)	5
	6 Total wages and scholarships exempt by a treaty from page 2, Item J	6
	7 Add lines 3, 4, and 5	7 4,100
	8 Student loan interest deduction (see page 4)	8
	9 Scholarship and fellowship grants excluded (see page 4)	9
	10 Adjusted gross income. Subtract the sum of line 8 and line 9 from line 7	10 4,100
	11 Itemized deductions. Enter state and local income taxes paid. Residents of India, see page 4	11 40
	12 Subtract line 11 from line 10	12 4,060
	13 Exemption deduction (see page 5)	13 2,900
14 Taxable income. Subtract line 13 from line 12	14 1,160	
15 Tax. Find your tax in the Tax Table on pages 8-12	15 174	
16 Social security and Medicare tax on tip income not reported to employer. Attach Form 4137	16	
17 Add lines 15 and 16. This is your total tax	17 174	
18 Federal income tax withheld (from Form W-2 and/or Form 1042-S)	18 400	
19 2001 estimated tax payments and amount applied from 2000 return	19	
20 Credit for amount paid with Form 1040-C	20	
21 Add lines 18 through 20. These are your total payments	21 400	

Refund Direct deposit? See page 5 and fill in 23b, 23c, and 23d.	22 If line 21 is more than line 17, subtract line 17 from line 21. This is the amount you overpaid	22 226
	23a Amount of line 22 you want refunded to you	23a 226
	b Routing number	c Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings
	d Account number	
24 Amount of line 22 you want applied to your 2002 estimated tax	24	24
Amount You Owe	25 Amount you owe. Subtract line 21 from line 17. For details on how to pay, see page 6	25
	26 Estimated tax penalty (see page 6). Also include on line 25	26

Third Party Designee	Do you want to allow another person to discuss this return with the IRS (see page XX)? <input type="checkbox"/> Yes. Complete the following. <input type="checkbox"/> No	
	Designee's name	Phone no. () Personal identification number (PIN)

Sign Here
Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and accurately list all amounts and sources of U.S. source income I received during the tax year. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Paid Preparer's Use Only	Preparer's signature	Date	Your occupation in the United States	
	Firm's name (or yours if self-employed), address, and ZIP code	EIN	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN
		Phone no. ()		

For Disclosure and Paperwork Reduction Act Notices, see page 12 of instructions.

Cat. No. 21534N

Form **1040NR-EZ** (2001)

Other Information (If an item does not apply to you, enter "N/A.")

- A** What country issued your passport? Malaysia
- B** Were you ever a U.S. citizen? ☐ Yes ☒ No
- C** Give the purpose of your visit to the United States ► Study
- D** Type of entry visa and visa number ► F-1-2323423
and type of current visa ► Same
- E** Date you first entered the United States ► 8/1/97
- F** Did you give up your permanent residence as an immigrant in the United States this year? ☐ Yes ☒ No
- G** Dates you entered and left the United States during the year. Residents of Canada or Mexico entering and leaving the United States at frequent intervals, give name of country only. ►
None
- H** Give number of days (including vacation and nonworkdays) you were present in the United States during
1999 365 , 2000 366 , and 2001 365
- I** Did you file a U.S. income tax return for any year before 2001? ☐ Yes ☒ No
If "Yes," give the latest year and form number ►
- J** If you are claiming the benefits of a U.S. income tax treaty with a foreign country, give the following information. See page 6 for additional information.
- Country ► N/A
 - Type and amount of income exempt from tax and the applicable tax treaty article. Enter treaty-exempt income for 2001 below and on line 6; not on line 3 or 5.
For 2001 ►
..... N/A
 - For 2000 ►
..... N/A
 - Were you subject to tax in that country on any of the income that you claim is entitled to the treaty benefits? ☐ Yes ☒ No
- K** During 2001, did you apply for, or take any affirmative steps to apply for, lawful permanent resident status in the United States or have an application pending to adjust your status to that of a lawful permanent resident of the United States? ☐ Yes ☒ No
If "Yes," explain ►



Form **1040NR-EZ**Department of the Treasury
Internal Revenue Service**U.S. Income Tax Return for Certain
Nonresident Aliens With No Dependents**

OMB No. 1545-1468

2001

Please print or type.	Your first name and initial Lee	Last name Cheng	Identifying number (see page 3) 321-65-4987
	Present home address (number, street, and apt. no., or rural route). If a P.O. box, see page 3. 485 Colt St., Apt. 3		
	City, town or post office, state, and ZIP code. If a foreign address, see page 3. Gunsmoke, TX 69788		
	Country U.S.		
	Of what country were you a citizen or national during 2001? China		
	Give address outside the United States to which you want any refund check mailed. If same as above, write "Same." Same		Give address in the country where you are a permanent resident . If same as above, write "Same." Parents' Address

Attach Form(s) W-2 here. Enclose, but do not attach, any payment.	Filing status (see page 3). Check only one box.	
	1 <input checked="" type="checkbox"/> Single nonresident alien	
	2 <input type="checkbox"/> Married nonresident alien	
	3 Wages, salaries, tips, etc. Attach Form(s) W-2 (see page 3)	3 1,500
	4 Taxable refunds, credits, or offsets of state and local income taxes (see page 4)	4 0
	5 Scholarship and fellowship grants. Attach explanation (see page 4)	5 0
	6 Total wages and scholarships exempt by a treaty from page 2, Item J 6 5,000	7 1,500
	7 Add lines 3, 4, and 5	
	8 Student loan interest deduction (see page 4) 8 0	10 1,500
	9 Scholarship and fellowship grants excluded (see page 4) 9	
	10 Adjusted gross income. Subtract the sum of line 8 and line 9 from line 7	11
	11 Itemized deductions. Enter state and local income taxes paid. Residents of India, see page 4	12 1,500
	12 Subtract line 11 from line 10	13 2,900
	13 Exemption deduction (see page 5)	14 0
14 Taxable income. Subtract line 13 from line 12	15 0	
15 Tax. Find your tax in the Tax Table on pages 8-12	16	
16 Social security and Medicare tax on tip income not reported to employer. Attach Form 4137	17 0	
17 Add lines 15 and 16. This is your total tax	18 475	
18 Federal income tax withheld (from Form W-2 and/or Form 1042-S)	19	
19 2001 estimated tax payments and amount applied from 2000 return	20	
20 Credit for amount paid with Form 1040-C	21 475	
21 Add lines 18 through 20. These are your total payments		

Refund Direct deposit? See page 5 and fill in 23b, 23c, and 23d.	22 If line 21 is more than line 17, subtract line 17 from line 21. This is the amount you overpaid	22 475
	23a Amount of line 22 you want refunded to you	23a 475
	b Routing number 1 0 1 0 0 0 0 0 0 c Type: <input checked="" type="checkbox"/> Checking <input type="checkbox"/> Savings	
	d Account number 2 0 0 0 0 0 0 0 0 0 1	
	24 Amount of line 22 you want applied to your 2002 estimated tax	24
Amount You Owe	25 Amount you owe. Subtract line 21 from line 17. For details on how to pay, see page 6	25
	26 Estimated tax penalty (see page 6). Also include on line 25	26

Third Party Designee	Do you want to allow another person to discuss this return with the IRS (see page XX)? <input type="checkbox"/> Yes. Complete the following. <input type="checkbox"/> No	
	Designee's name _____	Phone no. () _____ Personal identification number (PIN) 1 2 3 4 5

Sign Here Keep a copy of this return for your records.	Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and accurately list all amounts and sources of U.S. source income I received during the tax year. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.		
	Your signature _____	Date _____	Your occupation in the United States _____

Paid Preparer's Use Only	Preparer's signature _____	Date _____	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN _____
	Firm's name (or yours if self-employed), address, and ZIP code _____	EIN _____	Phone no. () _____	

For Disclosure and Paperwork Reduction Act Notices, see page 12 of instructions.

Cat. No. 21534N

Form **1040NR-EZ** (2001)

Other Information (If an item does not apply to you, enter "N/A.")

- A** What country issued your passport? Peoples Republic of China
- B** Were you ever a U.S. citizen? ☐ Yes ☒ No
- C** Give the purpose of your visit to the United States ▶ Study
-
- D** Type of entry visa and visa number ▶ F-1 XXXXXXXXX
and type of current visa ▶ Same
- E** Date you first entered the United States ▶ 1/2/2000
- F** Did you give up your permanent residence as an immigrant in the United States this year? ☐ Yes ☒ No
- G** Dates you entered and left the United States during the year. Residents of Canada or Mexico entering and leaving the United States at frequent intervals, give name of country only. ▶
None
-
-
- H** Give number of days (including vacation and nonworkdays) you were present in the United States during
1999 0 , 2000 365 , and 2001 365
- I** Did you file a U.S. income tax return for any year before 2001? ☒ Yes ☐ No
If "Yes," give the latest year and form number ▶ 2000, 1040NR-EZ
- J** If you are claiming the benefits of a U.S. income tax treaty with a foreign country, give the following
information. See page 6 for additional information.
- Country ▶ China
 - Type and amount of income exempt from tax and the applicable tax treaty article. Enter treaty-exempt
income for 2001 below and on line 6; not on line 3 or 5.
For 2001 ▶ Compensation during study, \$5,000, 20(c)
 -
 - For 2000 ▶ Compensation during study, \$5,000, 20(c)
 -
 - Were you subject to tax in that country on any of the income that you claim is entitled to the treaty
benefits? ☐ Yes ☒ No
- K** During 2001, did you apply for, or take any affirmative steps to apply for, lawful permanent resident status
in the United States or have an application pending to adjust your status to that of a lawful permanent
resident of the United States? ☐ Yes ☒ No
If "Yes," explain ▶



Other Information (If an item does not apply to you, enter "N/A.")

- A** What country issued your passport? India
- B** Were you ever a U.S. citizen? ☐ Yes ☒ No
- C** Give the purpose of your visit to the United States ▶ Study
- D** Type of entry visa and visa number ▶ F-1 XXXXXXXXX
and type of current visa ▶ Same
- E** Date you first entered the United States ▶ 8/1/98
- F** Did you give up your permanent residence as an immigrant in the United States this year? ☐ Yes ☒ No
- G** Dates you entered and left the United States during the year. Residents of Canada or Mexico entering and leaving the United States at frequent intervals, give name of country only. ▶
None
- H** Give number of days (including vacation and nonworkdays) you were present in the United States during
1999 365 , 2000 366 , and 2001 365
- I** Did you file a U.S. income tax return for any year before 2001? ☒ Yes ☐ No
If "Yes," give the latest year and form number ▶ 2000-1040NR-EZ
- J** If you are claiming the benefits of a U.S. income tax treaty with a foreign country, give the following information. See page 6 for additional information.
- Country ▶ India
 - Type and amount of income exempt from tax and the applicable tax treaty article. Enter treaty-exempt income for 2001 below and on line 6; not on line 3 or 5.
For 2001 ▶ Standard Deduction - Article 21(2)
 - For 2000 ▶ Standard Deduction - Article 21(2)
 - Were you subject to tax in that country on any of the income that you claim is entitled to the treaty benefits? ☐ Yes ☒ No
- K** During 2001, did you apply for, or take any affirmative steps to apply for, lawful permanent resident status in the United States or have an application pending to adjust your status to that of a lawful permanent resident of the United States? ☐ Yes ☒ No
If "Yes," explain ▶



U.S. Nonresident Alien Income Tax Return

For the year January 1–December 31, 2000, or other tax year

OMB No. 1545-0089

2000

beginning

, 2000, and ending

, 20

Please print or type.

Your first name and initial Ramesh	Last name Patel	Identifying number (see page 5 of inst.) 654-32-1987
Present home address (number, street, and apt. no., or rural route). If you have a P.O. box, see page 5. 2000 Smooth St.		Check if: <input checked="" type="checkbox"/> Individual <input type="checkbox"/> Estate or Trust
City, town or post office, state, and ZIP code. If you have a foreign address, see page 5. Haven, AL 23456		For Disclosure and Paperwork Reduction Act Notice, see page 18.
Country U.S.	Of what country were you a citizen or national during the tax year? India	
Give address outside the United States to which you want any refund check mailed. If same as above, write "Same." Same		Give address in the country where you are a permanent resident . If same as above, write "Same." Address in India

Filing Status and Exemptions for Individuals (See page 6.)

Filing status. Check only one box (1–6 below).	7a Yourself	7b Spouse
1 <input type="checkbox"/> Single resident of Canada or Mexico, or a single U.S. national		
2 <input type="checkbox"/> Other single nonresident alien		
3 <input type="checkbox"/> Married resident of Canada or Mexico, or a married U.S. national		
4 <input type="checkbox"/> Married resident of Japan or the Republic of Korea		
5 <input checked="" type="checkbox"/> Other married nonresident alien	X	
6 <input type="checkbox"/> Qualifying widow(er) with dependent child (year spouse died ▶). (See page 6.)		

Caution: Do not check box 7a if your parent (or someone else) can claim you as a dependent.
Do not check box 7b if your spouse had any U.S. gross income.

7c Dependents:*		(2) Dependent's identifying number	(3) Dependent's relationship to you	(4) <input checked="" type="checkbox"/> if qualifying child for child tax credit (see page 6)
(1) First name	Last name			
Sudha Patel		999 : 76 : 9999	Wife	<input type="checkbox"/>
Navan Patel		345 : 67 : 8901	Son	<input checked="" type="checkbox"/>
				<input type="checkbox"/>
				<input type="checkbox"/>

*Applies generally only to residents of Canada, Mexico, Japan, and the Republic of Korea and to U.S. nationals. (See page 6.)

**Applies generally only to residents of Canada and Mexico and to U.S. nationals. (See page 6.)

d Total number of exemptions claimed	No. of boxes checked on 7a and 7b ▶ 1	No. of your children on 7c who: *lived with you ▶ 1 **did not live with you due to divorce or separation ▶ **Dependents on 7c not entered above ▶ 1 Add numbers entered on lines above ▶ 3
--------------------------------------	--	--

Attach Forms W-2 and W-2G here.
Also attach Form(s) 1099-R if tax was withheld.

Enclose, but do not attach, any payment.

Income Effectively Connected With U.S. Trade/Busi-		8	9,200
8 Wages, salaries, tips, etc. Attach Form(s) W-2			
9a Taxable interest		9a	
9b Tax-exempt interest. Do not include on line 9a	9b		
10 Ordinary dividends		10	
11 Taxable refunds, credits, or offsets of state and local income taxes (see page 7)		11	
12 Scholarship and fellowship grants. Attach explanation (see page 7)		12	
13 Business income or (loss). Attach Schedule C or C-EZ (Form 1040)		13	
14 Capital gain or (loss). Attach Schedule D (Form 1040) if required. If not required, check here <input type="checkbox"/>		14	
15 Other gains or (losses). Attach Form 4797		15	
16a Total IRA distributions	16a	16b Taxable amount (see page 7)	16b
17a Total pensions and annuities	17a	17b Taxable amount (see page 8)	17b
18 Rental real estate, royalties, partnerships, trusts, etc. Attach Schedule E (Form 1040)		18	
19 Farm income or (loss). Attach Schedule F (Form 1040)		19	
20 Unemployment compensation		20	
21 Other income. List type and amount (see page 9)		21	
22 Total income exempt by a treaty from page 5, Item M	22		
23 Add lines 8, 9a, 10–15, 16b, and 17b–21. This is your total effectively connected income . ▶	23	9,200	
24 IRA deduction (see page 9)	24		
25 Student loan interest deduction (see page 9)	25		
26 Medical savings account deduction. Attach Form 8853	26		
27 Moving expenses. Attach Form 3903	27		
28 Self-employed health insurance deduction (see page 10)	28		
29 Self-employed SEP, SIMPLE, and qualified plans	29		
30 Penalty on early withdrawal of savings	30		
31 Scholarship and fellowship grants excluded	31		
32 Add lines 24 through 31	32		
33 Subtract line 32 from line 23. Enter here and on line 34. This is your adjusted gross income . ▶	33	9,200	

Form **1040NR** (2000)

Schedule A—Itemized Deductions (See pages 14, 15, and 16.)

07

State and Local Income Taxes	1	State income taxes	1				
	2	Local income taxes	2				
	3	Add lines 1 and 2				3	
Gifts to U.S. Charities		Caution: If you made a gift and received a benefit in return, see page 15.					
	4	Gifts by cash or check. If you made any gift of \$250 or more, see page 15.	4				
	5	Other than by cash or check. If you made any gift of \$250 or more, see page 15. You must attach Form 8283 if "the amount of your deduction" (see definition on page 15) is more than \$500	5				
	6	Carryover from prior year	6				
	7	Add lines 4 through 6				7	
Casualty and Theft Losses	8	Casualty or theft loss(es). Attach Form 4684				8	
Job Expenses and Most Other Miscellaneous Deductions	9	Unreimbursed employee expenses—job travel, union dues, job education, etc. You must attach Form 2106 or Form 2106-EZ if required. See page 15 ▶	9				
	10	Tax preparation fees	10				
	11	Other expenses. See page 16 for expenses to deduct here. List type and amount ▶	11				
	12	Add lines 9 through 11	12				
	13	Enter the amount from Form 1040NR, line 34. 13					
	14	Multiply line 13 by 2% (.02)	14				
	15	Subtract line 14 from line 12. If line 14 is more than line 12, enter -0-				15	
Other Miscellaneous Deductions	16	Other—certain expenses of disabled employees, estate tax on income of decedent, etc. List type and amount ▶				16	
Total Itemized Deductions	17	Is Form 1040NR, line 34, over \$128,950 (over \$64,475 if you checked filing status box 3, 4, or 5 on page 1 of Form 1040NR)? No. Your deduction is not limited. Add the amounts in the far right column for lines 3 through 16. Also enter this amount on Form 1040NR, line 35. Yes. Your deduction may be limited. See page 16 for the amount to enter here and on Form 1040NR, line 35.				17	

Form **1040NR** (2000)

Tax on Income Not Effectively Connected With a U.S. Trade or Business

Attach Forms 1042-S, SSA-1042S, RRB-1042S, 1001 or similar form.

Nature of income	(a) U.S. tax withheld at source	Enter amount of income under the appropriate rate of tax (see pages 16 and 17)			(e) Other (specify) _____ %
		(b) 10%	(c) 15%	(d) 30%	
70 Dividends paid by:					
a U.S. corporations	70a				
b Foreign corporations	70b				
71 Interest:					
a Mortgage	71a				
b Paid by foreign corporations	71b				
c Other	71c				
72 Industrial royalties (patents, trademarks, etc.)	72				
73 Motion picture or T.V. copyright royalties	73				
74 Other royalties (copyrights, recording, publishing, etc.)	74				
75 Real property income and natural resources royalties	75				
76 Pensions and annuities	76				
77 Social security benefits	77				
78 Gains (include capital gain from line 86 below)	78				
79 Other (specify) ▶	79				
80 Total U.S. tax withheld at source. Add column (a) of lines 70a through 79. Enter the total here and on Form 1040NR, line 62a ▶	80				
81 Add lines 70a through 79 in columns (b)–(e)	81				
82 Multiply line 81 by rate of tax at top of each column	82				
83 Tax on income not effectively connected with a U.S. trade or business. Add columns (b)–(e) of line 82. Enter the total here and on Form 1040NR, line 49 ▶	83				

Capital Gains and Losses From Sales or Exchanges of Property

84 (a) Kind of property and description (if necessary, attach statement of descriptive details not shown below)	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Sales price	(e) Cost or other basis	(f) LOSS If (e) is more than (d), subtract (d) from (e)	(g) GAIN If (d) is more than (e), subtract (e) from (d)
85 Add columns (f) and (g) of line 84				85 ()		
86 Capital gain. Combine columns (f) and (g) of line 85. Enter the net gain here and on line 78 above (if a loss, enter -0-) ▶						86

Other Information (If an item does not apply to you, enter "N/A.")**A** What country issued your passport? India**B** Were you ever a U.S. citizen? ☐ Yes ☒ No**C** Give the purpose of your visit to the United States ▶ Study**D** Type of entry visa and visa number ▶ F-1 XXXXXXXX
and type of current visa and date of change ▶ Same**E** Date you first entered the United States ▶ 8/1/98**F** Did you give up your permanent residence as an immigrant in the United States this year? ☐ Yes ☒ No**G** Dates you entered and left the United States during the year. Residents of Canada or Mexico entering and leaving the United States at frequent intervals, give name of country only. ▶ None**H** Give number of days (including vacation and nonwork days) you were present in the United States during: 1998 365, 1999 366, and 2000 365**I** If you are a resident of Canada, Mexico, Japan, or the Republic of Korea, or a U.S. national, did your spouse contribute to the support of any child claimed on Form 1040NR, line 7c? ☐ Yes ☒ No
If "Yes," enter amount ▶ \$

If you were a resident of Japan or the Republic of Korea for any part of the tax year, enter in the space below your total foreign source income not effectively connected with a U.S. trade or business. This information is needed so that the exemption for your spouse and dependents residing in the United States (if applicable) may be allowed in accordance with Article 4 of the income tax treaties between the United States and Japan or the United States and the Republic of Korea.

Total foreign source income not effectively connected with a U.S. trade or business ▶ \$

J Did you file a U.S. income tax return for any year before 2000? ☒ Yes ☐ No
If "Yes," give the latest year and form number ▶ 2000 - 1040NR**K** To which Internal Revenue office did you pay any amounts claimed on Form 1040NR, lines 56, 59, and 61? _____**L** Have you excluded any gross income other than foreign source income not effectively connected with a U.S. trade or business? ☐ Yes ☒ No

If "Yes," show the amount, nature, and source of the excluded income. Also, give the reason it was excluded. (Do not include amounts shown in item M.) ▶ _____

M If you are claiming the benefits of a U.S. income tax treaty with a foreign country, give the following information. See page 17 for additional information.• Country ▶ India

• Type and amount of effectively connected income exempt from tax. Also, identify the applicable tax treaty article. Do not enter exempt income on lines 8-15, 16b, and 17b-21 of Form 1040NR:

For 2000 (also, include this exempt income on line 22 of Form 1040NR) ▶ Standard Deduction allowed-India
Treaty-Article 21(2)

For 1999 ▶ Standard Deduction allowed-India
Treaty-Article 21(2)

• Type and amount of income not effectively connected that is exempt from or subject to a reduced rate of tax. Also, identify the applicable tax treaty article:

For 2000 ▶ N/A

For 1999 ▶ N/A

• Were you subject to tax in that country on any of the income you claim is entitled to the treaty benefits? ☐ Yes ☒ No• Did you have a permanent establishment or fixed base (as defined by the tax treaty) in the United States at any time during 2000? ☐ Yes ☒ No**N** If you file this return to report community income, give your spouse's name, address, and identifying number.N/A**O** If you file this return for a trust, does the trust have a U.S. business? ☐ Yes ☐ No

If "Yes," give name and address ▶ N/A

P Is this an "expatriation return" (see page 17)? ☐ Yes ☐ No

If "Yes," you must attach Form 8854 or attach an explanation as to why you are not submitting that form.

Q During 2000, did you apply for, or take other affirmative steps to apply for, lawful permanent resident status in the United States or have an application pending to adjust your status to that of a lawful permanent resident of the United States? ☐ Yes ☐ No

If "Yes," explain ▶ _____



Claim for Refund and Request for Abatement

OMB No. 1545-0024

► See separate instructions.

Use Form 843 only if your claim involves (a) one of the taxes shown on line 3a or (b) a refund or abatement of interest, penalties, or additions to tax on line 4a.

Do not use Form 843 if your claim is for—

- An overpayment of income taxes;
- A refund of fuel taxes;
- An overpayment of excise taxes reported on Form 720, 730, or 2290 (see **General Instructions**).

Please type or print	Name of claimant Ramesh Patel	Your social security number 654 : 32 : 1987
	Address (number, street, and room or suite no.) 2000 Smooth St.	Spouse's social security number : : :
	City or town, state, and ZIP code Haven, AL 23456	Employer identification number : :
	Name and address shown on return if different from above	Daytime telephone number (800) 555-1212
	1 Period—prepare a separate Form 843 for each tax period From , 19 , to , 19	2 Amount to be refunded or abated \$ 397.80

3a Type of tax, penalty, or addition to tax:

- ☒ Employment ☐ Estate ☐ Gift ☐ Excise (unless reported on Form 720, 730, or 2290—see instructions.)
☐ Penalty—IRC section ►

b Type of return filed (see instructions):

- ☐ 706 ☐ 709 ☐ 940 ☐ 941 ☐ 943 ☐ 945 ☐ 990-PF ☐ 4720 ☒ Other (specify) **1040NR**

4a Request for abatement or refund of:

- ☐ Interest caused by IRS errors or delays (if applicable—see instructions).
☐ A penalty or addition to tax as a result of erroneous advice from the IRS.

b Dates of payment ►

5 Explanation and additional claims. Explain why you believe this claim should be allowed, and show computation of tax refund or abatement of interest, penalty, or addition to tax.

I am a nonresident alien student on an F-1 visa. Section 3121(b)(19) of the Internal Revenue Code and the regulations thereunder state that a nonresident alien student on an F-1 visa is not liable for paying Social Security and Medicare taxes on his wages for as long as he is a nonresident alien under the residency rules stated in Section 7701(b) of the Internal Revenue Code. Under Section 7701(b), a foreign student on an F-1 visa becomes a resident alien after five (5) calendar years in the U.S. I state that for calendar year 2001 I was a nonresident alien student and not liable for the Social Security and Medicare tax. I hereby ask for a refund of the Social Security and Medicare taxes withheld from my wages. I have asked my employer for a refund of these taxes and been refused.

Attachments:

Form W-2 showing tax withheld in boxes 4 and 6
Copy of I-94
Copy of I-538

Signature. If you are filing Form 843 to request a refund or abatement relating to a joint return, both you and your spouse must sign the claim. Claims filed by corporations must be signed by a corporate officer authorized to sign, and the signature must be accompanied by the officer's title.

Under penalties of perjury, I declare that I have examined this claim, including accompanying schedules and statements, and, to the best of my knowledge and belief, it is true, correct, and complete.

Signature (Title, if applicable. Claims by corporations must be signed by an officer.)

Date

Signature

Date

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 10180R

Form **843** (Rev. 1-97)